

WARREN COUNTY WATER DISTRICT



July 14, 2005

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PUBLIC SERVICE
COMMISSION

MS BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
211 SOWER BLVD
P O BOX 615
FRANKFORT KY 40602-0615

Dear Ms. O'Donnell:

Case No. 2005-00799

Enclosed are an original and ten copies of an Application of Warren County Water District for a Certificate of Convenience and Necessity, for authority to issue certain securities and for approval of water rates and charges.

Your assistance will be appreciated.

Sincerely,

Joe Liles
General Manager

JL:jh

cc: William Davis
Frank Hampton Moore

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

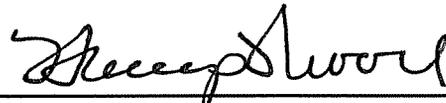
IN THE MATTER OF

THE APPLICATION OF WARREN COUNTY WATER DISTRICT, WARREN COUNTY, KENTUCKY, (A) FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY, PURSUANT TO KRS 278.020 AND 278.023, AUTHORIZING SAID DISTRICT TO CONSTRUCT IMPROVEMENTS AND EXTENSIONS TO ITS EXISTING WATER SYSTEM, WHICH IMPROVEMENTS AND EXTENSIONS WILL BE FINANCED IN PART UNDER THE TERMS OF AN AGREEMENT BETWEEN THE WATER DISTRICT AND THE UNITED STATES DEPARTMENT OF AGRICULTURE; RURAL DEVELOPMENT, (b) FOR AUTHORITY TO ISSUE CERTAIN SECURITIES AS REQUIRED BY KRS 278.300; AND (C) FOR APPROVAL OF WATER RATES AND CHARGES.

CASE NO. 2005-00299

APPLICATION

Frank Hampton Moore, Jr.
COLE, MOORE & BAKER
921 College Street
P. O. Box 10240
Bowling Green KY 42102-7240
Phone (270) 782-6666



Frank Hampton Moore, Jr.
Attorney for Applicant
Warren County Water District

July 12th, 2005

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JUL 15 2005

PUBLIC SERVICE
COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

THE APPLICATION OF WARREN COUNTY WATER DISTRICT, WARREN COUNTY, KENTUCKY, (A) FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY, PURSUANT TO KRS 278.020 AND 278.023, AUTHORIZING SAID DISTRICT TO CONSTRUCT IMPROVEMENTS AND EXTENSIONS TO ITS EXISTING WATER SYSTEM, WHICH IMPROVEMENTS AND EXTENSIONS WILL BE FINANCED IN PART UNDER THE TERMS OF AN AGREEMENT BETWEEN THE WATER DISTRICT AND THE UNITED STATES DEPARTMENT OF AGRICULTURE; RURAL DEVELOPMENT, (b) FOR AUTHORITY TO ISSUE CERTAIN SECURITIES AS REQUIRED BY KRS 278.300; AND (C) FOR APPROVAL OF WATER RATES AND CHARGES.

CASE NO. 2005-00799

APPLICATION OF WARREN COUNTY WATER DISTRICT

The Applicant, Warren County Water District, situated in Warren County, Kentucky, hereby applies to the Public Service Commission of Kentucky for a Certificate of Convenience and Necessity authorizing the construction of certain improvements and extensions to its existing water system, including water lines, tanks, pumping stations and other appurtenances, for the purposes of furnishing an adequate water system for domestic, commercial and industrial use in said District, all in the interests of public health, safety and general welfare of the citizens and inhabitants of the District and its customers. The Applicant further requests that the Public Service Commission grant approval of the issuance of the Applicant's securities as herein set forth. The Applicant's proposed improvements and extensions are to be partially financed by the United States Department of Agriculture, Rural Development ("USDA"); and therefore, in accordance with KRS 278.023, it is requested that the Commission promptly review the proposed project and agreements with the USDA and issue its Certificate of Convenience and

Necessity no later than thirty (30) days after the filing of this Application. The Applicant further requests the Public Service Commission to approve water rates hereinafter set forth.

In support of this Application, the Applicant represents as follows:

(1) Warren County Water District, situated in Warren County, Kentucky (the "Applicant") is a water district existing by virtue of an Order entered by this Commission in its Case No. 5909 on December 18, 1973, the same being a matter before this Commission under authority of KRS 74.361. By its Order of December 18, 1973, in said Case No. 5909, the Commission merged the previously existing Northside Water District situated in Warren County, Kentucky, with the previously existing Westside Water District, a contiguous water district in said County, and ordered **inter alia** in pertinent part as follows:

That Northside Water District and Westside Water District be and they are hereby merged into a single water district, Warren County Water District,.... That the rates to be charged by the merged District, Warren County Water District, shall be the existing rates on file with this Commission for the Northside Water District ... That the merged District, Warren County Water District, shall acquire the assets and legal obligations of Northside Water District and Westside Water District....

(2) It is respectfully represented to the Commission that by virtue of KRS 74.361(5) and the Commission's Order entered on December 18, 1973, in said PSC Case No. 5909, it has followed as a matter of law that the previously existing Northside Water District and Westside Water District were merged into and became a new water district under the name and style "Warren County Water District" (the Applicant).

(3) As intimated in the proceedings before this Commission in its Case No. 5909, the Applicant has found it necessary to undertake certain urgently needed improvements, additions and extensions of the water service facilities. The Water

District's engineering staff, represented by Alan H. Vilines, P.E., Bowling Green, Kentucky (the "Engineer"), has prepared engineering reports as well as detailed plans and specifications for the construction and installation of the proposed major additional water facilities and improvements to serve the Applicant (the "Project"). The preliminary and final engineering reports contain, among other things, a description of the Project, cost figures and other pertinent financial data and projections and plans for the financing of the Project. A copy of said preliminary and final engineering reports are attached hereto marked **EXHIBITS A-1 and A-2**, respectively, and incorporated herein as if set forth in full.

(4) According to the final engineering report of the Engineer, the estimated cost of constructing and installing the Project is TWO MILLION, ONE-HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$2,125,000.00), which cost shall be financed by the Applicant through (A) the issuance of the Applicant's Water Revenue Bonds, in the amount of ONE MILLION, TWO-HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000.00), maturing over a period not to exceed 40 years and bearing interest at a single rate not to exceed 4.250% per annum, and which Bonds will be purchased by USDA in accordance with USDA's letter of conditions dated June 23, 2003, said letter of conditions being attached as **EXHIBIT B**, and incorporated herein as if set forth in full. EIGHT-HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$875,000.00) will be provided from the Applicants reserve fund in accordance with the Applicants Resolution being attached as **EXHIBIT G**.

(5) The Project includes improvements to its water system to provide projected adequate flows and pressure to its existing and future customers of the Applicant. No other public water facilities presently exist other than the Applicant's existing facilities in those areas of the Applicant as described in the plans for construction at this time, and the improvements of existing systems will not be in competition with services rendered or offered by any person, firm or corporation. It is further the opinion of the Commissioners of the Applicant that the public health, safety and general welfare of the citizens and

inhabitants of the Applicant will be immeasurably promoted and served by the construction of the improved water system pursuant to authority of KRS Chapter 74 and the financing thereof through the issuance of revenue bonds as specifically authorized by KRS 74.370, et seq.

(6) The Applicant represents that, based upon the projections of the Engineer, the proposed rate change is necessary and will be adequate to meet the annual operating cost of the additions to the water system. The following proposed rate structure and charges are set out in the USDA revised letter of conditions dated July 8, 2005.

**EXISTING MONTHLY GENERAL SERVICE RATES
FOR EXISTING SYSTEM AND USERS**

First	2,000 Gallons	\$9.75 Minimum Bill*
Next	8,000 Gallons	2.68 per 1,000 Gallons
Next	90,000 Gallons	2.18 per 1,000 Gallons
Next	900,000 Gallons	1.80 per 1,000 Gallons
Over	1,000,000 Gallons	1.49 per 1,000 Gallons

*\$9.75 Minimum applicable only to 5/8" x 3/4" meters. The following minimums will apply to all other meter sizes.

3/4" Meter	First 3,000 Gallons	12.68 Minimum Bill
1" Meter	First 5,000 Gallons	18.68 Minimum Bill
1-1/2" Meter	First 10,000 Gallons	35.22 Minimum Bill
2" Meter	First 16,000 Gallons	50.18 Minimum Bill
3" Meter	First 30,000 Gallons	127.19 Minimum Bill
4" Meter	First 50,000 Gallons	182.64 Minimum Bill
6" Meter	First 100,000 Gallons	310.30 Minimum Bill
8" Meter	First 160,000 Gallons	437.15 Minimum Bill
10" Meter	First 550,000 Gallons	1,171.46 Minimum Bill

The rates to be charged after the minimum rates are the same regardless of meter size. All rates are subject to 10 percent penalty if paid after due date.

**PROPOSED MONTHLY GENERAL SERVICE RATES
FOR EXISTING SYSTEM AND USERS**

5/8 X 3/4 INCH METER

First	2,000 Gallons	*\$10.52 Minimum Bill
Next	8,000 Gallons	3.09 per 1,000 Gallons
Next	90,000 Gallons	2.42 per 1,000 Gallons
Next	900,000 Gallons	1.97 per 1,000 Gallons
Over	1,000,000 Gallons	1.63 per 1,000 Gallons

*The \$10.52 Minimum applies to 5/8 x 3/4 inch meters only. The minimums below apply to all other meter sizes.

3/4"	\$ 13.61 Minimum Bill, includes first	3,000 Gallons
1"	20.22 Minimum Bill, includes first	5,000 Gallons
1-1/2"	38.27 Minimum Bill, includes first	10,000 Gallons
2"	51.01 Minimum Bill, includes first	15,000 Gallons
3"	74.75 Minimum Bill, includes first	20,000 Gallons
4"	125.68 Minimum Bill, includes first	30,000 Gallons
6"	188.73 Minimum Bill, includes first	50,000 Gallons
8"	273.39 Minimum Bill, includes first	80,000 Gallons
10" & larger	382.98 Minimum Bill, includes first	120,000 Gallons

The rates to be charged after the minimum rate are the same regardless of meter size. All rates are subject to 10 percent penalty if paid after due date.

**EXISTING MONTHLY
PRIVATE FIRE SERVICE RATES**

**PROPOSED MONTHLY
PRIVATE FIRE SERVICE RATES***

<u>Service Size</u> inches	<u>Rate</u> \$/month	<u>Service Size</u> inches	<u>Rate</u> \$/month
1	\$ 6.78	1	\$ 6.78
1-1/2	10.10	1-1/2	10.10
2	12.32	2	12.32
3	28.83	3	28.83
4	63.41	4	63.41
6	112.95	6	112.95
8	186.28	8	186.28
10	299.91	10	299.91
12	451.06	12	451.06

*These charges shall apply to all connections which provide service only for private fire protection facilities whether supplied through a fully metered service or an unmetered service with a detector check valve and bypass meter. Customer charges are lump sum charges according to the applicable service size with zero water usage. In case of a fire, charges for water usage shall be in accordance with Warren County Water District Tariff effective 12/16/96, Section III D. Charges for all other water usage shall be in accordance with prevailing Warren County Water District rates for general service. Where a detector check valve with a bypass meter is used, the water usage shall be based on the combined volume of water used through both the detector check valve (estimated) and the bypass meter.

All rates are subject to 10 percent penalty if paid after due date.

(7) The following detailed information included with the Application and all exhibits referred to herein are incorporated by reference as a part of this Application:

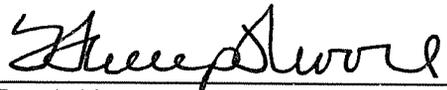
EXHIBIT A-1	Preliminary Engineering Report
EXHIBIT A-2	Final Engineering Report
EXHIBIT B	USDA letter of conditions dated June 30, 1999
EXHIBIT C	USDA letter of conditions revised July 8, 2005
EXHIBIT D	Copy of USDA letter of concurrence in bid award
EXHIBIT E	Certified statement from an authorized utility official confirming (1) that the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3-4), Section 5(l), Section 6 and 7, Section 8(1-3), Section 9(1) and Section 10. The plans and specifications for the Project have also been designed to meet the minimum construction and operating requirements of the Kentucky Natural Resources and Environmental Protection Cabinet, Department for Environmental Protection, Division of Water; (2) that all other state approvals or permits have already been obtained; (3) that the proposed rates and charges shall produce total revenue requirements set out in the engineering report; and (4) dates when construction will begin and end.
EXHIBIT F	Notice to customers of rate change, with evidence of publication.
EXHIBIT G	Resolution authorizing use of Reserve Funds.

(8) The governing body of the Applicant, its Commission, respectfully represents to the Public Service Commission that there is a genuine need and demand for the Project.

WHEREFORE, the Applicant, Warren County Water District, upon the basis of the facts and circumstances hereinabove set forth and as represented by the exhibits attached hereto and made a part hereof, requests that the Commission issue to the

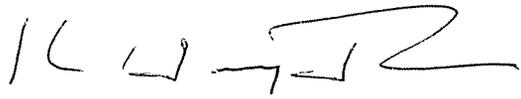
Applicant a Certificate of Convenience and Necessity authorizing the Applicant to construct and install the Project approving the Applicant's issuance of Water Revenue Bonds, Series 2005, in the principal amount of ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$1,250,000.00) and approving its new water rates and charges.

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Frank Hampton Moore, Jr.

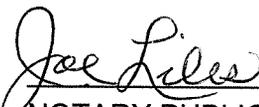
I, R. Harvey Johnston, III, Chairman of the County Water District, hereby state under oath that I have read the entire foregoing Application and that all matters of fact contained herein are true and correct.



R. Harvey Johnston, III

COMMONWEALTH OF KENTUCKY
COUNTY OF WARREN

SUBSCRIBED AND SWORN TO before me by R. Harvey Johnston, III on this 12 day of July, 2005 in Bowling Green, Warren County, Kentucky.



NOTARY PUBLIC,
Ky. State-at-Large

My Commission Expires: 2-17-05

WATER SYSTEM ADDITIONS
WARREN COUNTY WATER DISTRICT
WARREN COUNTY, KENTUCKY

PRELIMINARY ENGINEERING REPORT

WATER SYSTEM ADDITIONS
PROJECT 17

January 31, 2003



Prepared by
Engineering Staff
Warren County Water District

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Exhibit A – Map of Existing System and Proposed Improvements

INTRODUCTION

Warren County Water District serves the area in Warren County outside the territory of Bowling Green Municipal Utilities (BGMU). Within Warren County the Water District provides service in the communities of Smiths Grove, Oakland, Plum Springs, and Woodburn. Service is also provided in adjacent portions of Allen, Butler, Edmondson and Simpson Counties.

Warren County is continuing to be one of the fastest growing counties in the Commonwealth of Kentucky. According to the State Data Center at the University of Louisville, Warren County's population increased 20.7 percent from 1990 to 2000 which was a net gain of 15,849 people. This increase means that Warren County experienced the fourth largest absolute gain in population through that period. Kentucky State Data Center projections beyond 2000 include increases of a similar magnitude for Warren County.

Growth on the Water District's system is occurring at a rate equal to or greater than that of the county's population. In recent years, 600 to 700 new customers per year have been added along existing lines. Also, expansion of the commercial and industrial base in the Water District's service area continues to increase demand on the public water supply. While this growth has been very beneficial to the Water District, the system's transmission and storage capacity must be enlarged to continue meeting the demands of these existing customers and also provide for future growth.

SUMMARY AND CONCLUSIONS

Due to extensive growth in the eastern area of Warren County, the Water District is proposing construction of approximately 5.5 miles of 14 inch transmission line. Near the western end of the proposed 14-inch line, a new pump station will be built to convey water to existing 500,000 gallon and 150,000 gallon elevated storage tanks. These proposed facilities will supply water to the rapidly growing Cemetery Road, Pleasant Hill and Alvaton areas.

The transmission system improvements summarized above are not financially feasible without a general rate increase. The estimated project cost for the project is \$1,750,000. The project cost will be financed by \$1,250,000 in loan funds from Rural Development (RD) and \$500,000 in Water District funds. The interest rate on the loan funds will be based on RD's "market" rate, which is currently 5.0 percent.

Debt service and operating expenses for the proposed facilities will be covered by revenues from an increased rate to existing customers. Water rates charged to the Water District's customers must be increased an average of 7.6 percent to finance Project 17.

EXISTING SYSTEM

The existing water system currently serves 19,703 customers with approximately 933 miles of transmission and distribution lines ranging in size from 2-inches to 30-inches and approximately 112 miles of service lines ranging from 3/4 inch to 2-inches. There are 24 existing pumping stations in service with a total capacity of approximately 17,600 gallons per minute (gpm). There are 27 storage tanks scattered

throughout the system with a total capacity of 9.2 million gallons.

Most of the water distributed and sold by the Water District is purchased from BGMU. BGMU's water treatment plant has a capacity of 22 million gallons per day (mgd) and has an average production of approximately 16 mgd. BGMU is currently has a construction project underway to upgrade the water plant capacity to 30 mgd.

PROJECT DESCRIPTION

The proposed project will begin at a new connection on the Water District's 30-inch transmission main on Cumberland Trace as shown on Exhibit A (included in the back pocket of this report). From this point of connection the proposed 14-inch transmission line will run northerly on Cumberland Trace and connect to an existing section of the 14-inch line. At the opposite end of this existing 14-inch line on Cemetery Road (State Hwy 234) the proposed transmission line will begin again and continue easterly for several miles along Cemetery Road. Near the Hardcastle community the route of the proposed line will turn southerly and follow Pleasant Hill Road to Carter Lane. At Carter Lane the proposed 14-inch line will connect to an existing 16-inch main that feeds two existing elevated storage tanks.

Near the western end of the proposed line on Cemetery Road a new pump station will be constructed to convey water to the existing elevated tanks. Two 1,200 gpm pumps will be installed in this station. This pump station will also be designed for future expansion to also convey up to 1,800 gpm into the service area east and south of Cemetery Road as future transmission improvements are constructed.

**PRELIMINARY PROJECT BUDGET
WATER SYSTEM ADDITIONS - PROJECT 17
WARREN COUNTY WATER DISTRICT**

PROJECT COSTS

1. Construction				
a. Cemetery Rd. Transmission Line	29,300	LF @	\$41.00 =	\$1,201,300
b. Creek Crossing	300	LF @	300.00 =	\$90,000
b. Pumping Station - 1,200 gpm	1	LS @	165,000 =	<u>165,000</u>
				\$1,456,300
2. Engineering				
a. Design & Engr. During Construction				89,700
b. Inspection				<u>48,900</u>
				138,600
3. Administrative Expenses				9,800
4. Easement and Site Acquisition				30,000
5. Legal Costs				13,500
6. Interest During Construction				18,500
7. Contingency				<u>83,300</u>
TOTAL PROJECT COST				<u>\$1,750,000</u>

PROJECT FUNDING

1. RD Loan		1,250,000
2. Water District Funds		<u>500,000</u>
TOTAL FUNDING		<u>\$1,750,000</u>

PROPOSED WATER RATE

The methodology used in developing the underlying rate schedule for the proposed rates are taken from the American Water Works Association, Manual M-1, Principles of Water Rates, Fees, and Charges, published by the AWWA in 2000. Basic philosophy and methodology presented in several sections of that manual are incorporated into the rate design.

It was determined that with the additional debt service and operating expenses resulting from the proposed project, a revenue increase of 7.6 percent is required. Therefore, the proposed rates are computed by applying an 7.6 percent increase across the board to the existing rate schedule. This increase will also allow an adequate margin for depreciation funds to be accumulated for system maintenance, minor improvements, and special programs.

As the Water District's facilities continue to age and more facilities are added, the need for expenditures on maintenance and upkeep is expected to increase. Two examples of major expenditures from depreciation funds include painting of existing tanks and maintenance and meter replacement programs. These are just two examples of the many uses of depreciation funds that are required to maintain system upkeep. Therefore, it is very important for the Water District to implement water rates that result in sufficient revenue so that these funds will be available.

The schedule of water rates recommended in conjunction with this project is shown on the following two pages. Following the rate schedule is the Proforma Adjustment, which shows the estimated revenues (which include the rate increase) and expenses for the first full year of operation after the completion of Project 17.

PROPOSED MONTHLY RATE SCHEDULES

GENERAL SERVICE RATES

5/8 X 3/4 INCH METER

First	2,000 Gallons	*\$10.49 Minimum Bill
Next	8,000 Gallons	2.88 per 1,000 Gallons
Next	90,000 Gallons	2.35 per 1,000 Gallons
Next	900,000 Gallons	1.94 per 1,000 Gallons
Over	1,000,000 Gallons	1.60 per 1,000 Gallons

*\$10.49 Minimum applicable only to 5/8 x 3/4 inch meters. The minimums below will apply to all other meter sizes.

3/4"	\$ 13.64 Minimum Bill, includes first	3,000 Gallons
1"	20.10 Minimum Bill, includes first	5,000 Gallons
1-1/2"	37.90 Minimum Bill, includes first	10,000 Gallons
2"	53.99 Minimum Bill, includes first	16,000 Gallons
3"	125.13 Minimum Bill, includes first	25,000 Gallons
4"	149.61 Minimum Bill, includes first	30,000 Gallons
6"	240.06 Minimum Bill, includes first	60,000 Gallons
8"	307.25 Minimum Bill, includes first	80,000 Gallons
10"	1,260.49 Minimum Bill, includes first	550,000 Gallons

The rates to be charged for usage over the quantity included in the minimum bill are the same regardless of meter size.

PRIVATE FIRE SERVICE RATES (For Connections Used Exclusively for Private Fire Protection Purposes)

5/8 X 3/4 INCH SERVICE

Minimum	0 Gallons	\$8.58 Minimum Bill*
First	2,000 Gallons	0.96 per 1,000 Gallons
Next	8,000 Gallons	2.88 per 1,000 Gallons
Next	90,000 Gallons	2.35 per 1,000 Gallons
Next	900,000 Gallons	1.94 per 1,000 Gallons
Next	1,000,000 Gallons	1.60 per 1,000 Gallons

*\$8.58 Minimum applicable only to 5/8 x 3/4 inch services. The minimums below will apply to all other service sizes.

3/4"	\$10.77 Minimum Bill (0 Gals.), first	3,000 Gals. at \$0.96 per 1,000 Gals.
1"	15.31 Minimum Bill (0 Gals.), first	5,000 Gals. at \$0.96 per 1,000 Gals.
1-1/2"	28.32 Minimum Bill (0 Gals.), first	10,000 Gals. at \$0.96 per 1,000 Gals.
2"	38.67 Minimum Bill (0 Gals.), first	16,000 Gals. at \$0.96 per 1,000 Gals.
3"	108.13 Minimum Bill (0 Gals.), first	30,000 Gals. at \$0.96 per 1,000 Gals.
4"	148.64 Minimum Bill (0 Gals.), first	50,000 Gals. at \$0.96 per 1,000 Gals.
6"	238.12 Minimum Bill (0 Gals.), first	100,000 Gals. at \$0.96 per 1,000 Gals.
8"	317.15 Minimum Bill (0 Gals.), first	160,000 Gals. at \$0.96 per 1,000 Gals.
10"	733.79 Minimum Bill (0 Gals.), first	550,000 Gals. at \$0.96 per 1,000 Gals.

The rates charged for usage over the gallons listed above at \$0.96 per 1,000 gallons are the same regardless of service size.

**PROFORMA ADJUSTMENT
WATER SYSTEM ADDITIONS - PROJECT 17
WARREN COUNTY WATER DISTRICT**

	EXISTING SYSTEM (C.Y. 2002)	CHANGES ON EXISTING SYSTEM	CHANGES DUE TO PROJECT 17	TOTAL FUTURE SYSTEM AFTER PROJECT (2004)
OPERATING INCOME				
Water Sales	\$5,673,809	\$68,400	\$436,500	\$6,178,709
Disc/Rec/Late Charges	169,917	2,080		171,997
Forfeited Discounts	89,570	1,080		90,650
Interest Income & Other Rev.	125,286	(12,000)	(750)	112,536
Less Allowances & Deductions				
Interest Exp. - Deposits	(9,763)			(9,763)
Depreciation Expense	(1,109,122)	(40,400)	(35,000)	(1,184,522)
Unamortized Debt Exp.	(69,613)	5,420		(64,193)
Total Operating Income	4,870,084	24,580	400,750	5,295,414
OPERATION & MAINT. EXPENSES				
Source of Supply	1,606,937	20,000		1,626,937
Power for Pumping	246,980	35,000		281,980
Water Treatment	4,625			4,625
Transmission & Dist.	634,044	113,800	4,445	752,289
Customer Accounts	629,529	32,500		662,029
Admin. & General	416,075	(18,400)		397,675
Total Operating Expenses	3,538,190	182,900	4,445	3,725,535
NET OPERATING INCOME	1,331,894	(158,320)	396,305	1,569,879
NON-OPERATING INCOME				
Miscellaneous	2,373	(1,900)		473
Rental & Other	75,250	100		75,350
Total Non-operating Income	77,623	(1,800)	0	75,823
NET INCOME	1,409,517	(160,120)	396,305	1,645,702
DEBT REPAYMENT				
RUS Interest	236,148	(6,769)	62,500	291,879
RUS Principal	58,000	6,000	11,600	75,600
Non-RUS Interest	512,693	(43,173)		469,520
Non-RUS Principal	490,810	43,602		534,412
Total Debt Repayment	1,297,651	(340)	74,100	1,371,411
BALANCE FOR COVERAGE	<u>\$111,866</u>	<u>(\$159,780)</u>	<u>\$322,205</u>	<u>\$274,291</u>

SUMMARY ADDENDUM

TO

PRELIMINARY ENGINEERING REPORT

DATED January 31, 2003

FOR

Water System Additions-Project 17
(Name of Project)

APPLICANT CONTACT PERSON Alan H. Vilines, P.E.

APPLICANT PHONE NUMBER 270-842-0052

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-0866161

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

- A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

This project includes construction of approximately 5.5 miles of 14-inch transmission line on Cumberland Trace, Cemetery Road and Pleasant Hill Road and a new pumping station. The new station will initially convey 1,200 gpm through the proposed 14-inch transmission line to existing elevated storage tanks. The proposed facilities are needed to supply a large, rapidly growing area in southeast Warren County.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. *Sewage Treatment:*

1. *Type* _____

2. *Method of Sludge Disposal* _____

3. *Cost per 1,000 gallons if sewage treatment is contracted:*
\$ _____

4. *Date Constructed* _____

B. *Treatment Capacity of Sewage Treatment Plant* _____

C. *Type of Sewage Collector System (Describe)* _____

D. *Number and Capacity of Sewage Lift Stations* _____

E. Sewage Collection System:

• **Lineal Feet of Collector Lines, by size** 6" _____ 8" _____
10" _____ 12" _____, Larger _____
Date(s) Constructed

F. Conditions of Existing System: Briefly describe the conditions and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

All water is purchased from BGMU. The BGMU treatment plant takes raw water from the Barren River, downstream from Barren River Reservoir, which is a reliable source. BGMU's plant has a current capacity of 22 mgd and is being upgraded to 30 mgd. Peak demand on the plant is 21 mgd. The District's peak purchase to date is 9.0 mgd and it's contract with BGMU allows for the purchase of 19 mgd.

If the applicant purchases water:

Seller(s):

1. Bowling Green Municipal Utilities (BGMU)
2. _____

Price/1,000 gallons:

1. Westside connections: \$0.8463
2. Northside connections: \$0.6337

Present Estimated Market Value of Existing System: \$ 40,001,654

B. Water Storage:

Type: Ground Storage Tank X Elevated Tank X
Standpipe X Other
Number of Storage Structures 27
Total Storage Volume Capacity 9.2 million gallons
Date Storage Tank(s) Constructed 1964 through 2000

C. Water Distribution System:

Pipe Material C.I. , D.I. , PVC
Lineal Feet of Pipe: 3" Diameter 715,715 4" 2,240,626
 6" 1,401,682 8" 346,885
 10" 110,025 12" & larger 111,920
Date(s) Water Lines Constructed 1963 to present
Number and Capacity of Pump Station(s) 24
 17,600 gpm

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

 The existing facilities are in excellent condition. However, system improvements are required to keep pace with growth.

E. Percentage of Water Loss Existing System 9.2%

IV. EXISTING LONG-TERM INDEBTNESS

A. List of Bonds and Notes:

<u>Date of Issue</u>	<u>Bond/Note Holder</u>	<u>Principal Balance</u>	<u>Payment Date</u>	<u>Bond Type</u>	<u>Amount on Deposit in Reserve Acct Prin & Interest</u>
1967 Issue	GECC	\$ 55,000.00	* 12/31/2002	Water	\$ 8.20
1970 Issue	EDA	85,000.00	* 12/31/2002	Water	2.35
1993 Issue	KIA	143,804.70	11/30/2002	Water	2,044.48
1993 Issue	KIA	61,882.41	11/30/2002	Water	869.65
1995 Issue	BGB	1,925,000.00	* 12/31/2002	Water	44.01
1996 Issue	RECD	2,401,000.00	* 12/31/2002	Water	48.96
1998 Issue	PNC	4,020,000.00	* 12/31/2002	Water	202.45
1999 Issue	US BANK	3,480,000.00	* 12/31/2002	Water	125.93
1999 Issue	RECD	1,963,000.00	* 12/31/2002	Water	56.92
		<u>14,134,687.11</u>			<u>3,402.95</u>

* Interest paid on 6/30/2002

A. Principal and Interest Payments:

<u>Date of Issue</u>	<u>Bond/Note Holder</u>	<u>Payment Year 2003</u>		<u>Payment Year 2004</u>		<u>Payment Year 2005</u>	
		<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
1967 Issue	GECC	\$ 18,000.00	\$ 2,062.50	\$ 18,000.00	\$ 1,387.50	\$ 19,000.00	\$ 712.50
1970 Issue	EDA	5,000.00	4,037.50	5,000.00	3,800.00	15,000.00	3,562.50
1993 Issue	KIA	11,237.04	7,474.70	11,840.49	6,871.25	12,476.35	6,235.39
1993 Issue	KIA	4,353.27	3,009.97	4,571.42	2,791.82	4,800.52	2,562.72
1995 Issue	BGB	45,000.00	112,068.76	45,000.00	109,706.26	50,000.00	107,343.76
1996 Issue	RECD	41,000.00	132,055.00	43,000.00	129,800.00	45,000.00	127,435.00
1998 Issue	PNC	370,000.00	178,077.50	385,000.00	162,537.50	395,000.00	145,982.50
1999 Issue	US BANK	60,000.00	185,036.00	65,000.00	182,426.00	65,000.00	179,534.00
1999 Issue	RECD	20,000.00	100,603.76	21,000.00	99,578.76	22,000.00	98,502.50
		<u>574,590.31</u>	<u>724,425.69</u>	<u>598,411.91</u>	<u>698,899.09</u>	<u>628,276.87</u>	<u>671,870.87</u>

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV Above)

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P&I)</u>	<u>Date to Be Paid In Full</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water	<u>1</u>	Sewer	_____
Number of Storage Tank Sites	Water	<u>23</u>	Sewer	_____
Number of Pump Stations:	Water	<u>22</u>	Sewer	_____
Total Acreage:	Water	<u>30.9 Acres</u>	Sewer	<u>Acres</u>
Purchase Price:	Water	<u>\$ 135,645</u>	Sewer	<u>\$ _____</u>

VII. NUMBER OF EXISTING USERS

	<u>Water</u>	<u>Sewer</u>
Residential (In Town) *	_____	_____
Residential (Out of Town) *	<u>18,405</u>	_____
Non-Residential (In Town)	_____	_____
Non-Residential (Out of Town)	<u>1,298</u>	_____
Total	<u>19,703</u>	_____
Number to Total Potential Users Living in the Service Area	<u>19,800±</u>	_____

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
<u>5/8" x 3/4"</u>	\$ <u>450.00</u>	\$ <u> </u>
<u>1 - Inch</u>	\$ <u>550.00</u>	\$ <u> </u>

SEE SHEET 7A FOR LARGER METERS

IX. SEWER RATES - EXISTING SYSTEM

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Date This Rate Went Into Effect _____

X. WATER RATES - EXISTING SYSTEM **SEE SHEET 7B**

Existing Rate Schedule:

First	_____	Gallons @ \$ _____	Minimum.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	_____	Gallons @ \$ _____	per 1,000 Gallons.

Date This Rate Went Into Effect _____ 10-01-99 _____

If More Than One Rate Schedule, Please Include All Schedules.

WARREN COUNTY WATER DISTRICT

SERVICE INSTALLATION FEES

5/8-inch meter (residential)	\$ 450
1-inch meter	550
1-1/2-inch meter	1,150
2-inch meter	1,300
3-inch meter	4,000
4-inch meter	4,600
6-inch or larger and Private Fire Service	Actual Cost of Installation

In addition to the above installation fees for the various size meters, the customer shall pay the cost of installing all service line bores or open cuts which extend beyond 5 feet of the water main on 2-inch meters or larger.

EXISTING MONTHLY RATE SCHEDULES

GENERAL SERVICE RATES

5/8 X 3/4 INCH METER

First	2,000 Gallons	*\$9.75 Minimum Bill
Next	8,000 Gallons	2.68 per 1,000 Gallons
Next	90,000 Gallons	2.18 per 1,000 Gallons
Next	900,000 Gallons	1.80 per 1,000 Gallons
Over	1,000,000 Gallons	1.49 per 1,000 Gallons

*\$10.49 Minimum applicable only to 5/8 x 3/4 inch meters. The minimums below will apply to all other meter sizes.

3/4"	\$ 12.68 Minimum Bill, includes first	3,000 Gallons
1"	18.68 Minimum Bill, includes first	5,000 Gallons
1-1/2"	35.22 Minimum Bill, includes first	10,000 Gallons
2"	50.18 Minimum Bill, includes first	16,000 Gallons
3"	127.19 Minimum Bill, includes first	30,000 Gallons
4"	182.64 Minimum Bill, includes first	50,000 Gallons
6"	310.30 Minimum Bill, includes first	100,000 Gallons
8"	437.15 Minimum Bill, includes first	160,000 Gallons
10"	1,171.46 Minimum Bill, includes first	550,000 Gallons

The rates to be charged for usage over the quantity included in the minimum bill are the same regardless of meter size.

PRIVATE FIRE SERVICE RATES (For Connections Used Exclusively for Private Fire Protection Purposes)

5/8 X 3/4 INCH SERVICE

Minimum	0 Gallons	\$7.97 Minimum Bill*
First	2,000 Gallons	0.89 per 1,000 Gallons
Next	8,000 Gallons	2.68 per 1,000 Gallons
Next	90,000 Gallons	2.18 per 1,000 Gallons
Next	900,000 Gallons	1.80 per 1,000 Gallons
Next	1,000,000 Gallons	1.49 per 1,000 Gallons

*\$7.97 Minimum applicable only to 5/8 x 3/4 inch services. The minimums below will apply to all other service sizes.

3/4"	\$10.01 Minimum Bill (0 Gals.), first	3,000 Gals. at \$0.89 per 1,000 Gals.
1"	14.23 Minimum Bill (0 Gals.), first	5,000 Gals. at \$0.89 per 1,000 Gals.
1-1/2"	26.32 Minimum Bill (0 Gals.), first	10,000 Gals. at \$0.89 per 1,000 Gals.
2"	35.94 Minimum Bill (0 Gals.), first	16,000 Gals. at \$0.89 per 1,000 Gals.
3"	100.49 Minimum Bill (0 Gals.), first	30,000 Gals. at \$0.89 per 1,000 Gals.
4"	138.14 Minimum Bill (0 Gals.), first	50,000 Gals. at \$0.89 per 1,000 Gals.
6"	221.30 Minimum Bill (0 Gals.), first	100,000 Gals. at \$0.89 per 1,000 Gals.
8"	294.75 Minimum Bill (0 Gals.), first	160,000 Gals. at \$0.89 per 1,000 Gals.
10"	681.96 Minimum Bill (0 Gals.), first	550,000 Gals. at \$0.89 per 1,000 Gals.

The rates charged for usage over the gallons listed above at \$0.89 per 1,000 gallons are the same regardless of service size.

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

For Period _____ to _____.

<i>All Meter Sizes</i>	<i>Monthly Sewer Usage</i>	<i>Average</i>	<i>Residential</i>		<i>Non-Residential</i>	
			<i>No. of Users</i>	<i>Usage (1000)</i>	<i>No. of Users</i>	<i>Usage (1000)</i>
0 - 2,000	Gallons	1,000	_____	_____	_____	_____
2,000 - 3,000	Gallons	2,500	_____	_____	_____	_____
3,000 - 4,000	Gallons	3,500	_____	_____	_____	_____
4,000 - 5,000	Gallons	4,500	_____	_____	_____	_____
5,000 - 6,000	Gallons	5,500	_____	_____	_____	_____
6,000 - 7,000	Gallons	6,500	_____	_____	_____	_____
7,000 - 8,000	Gallons	7,500	_____	_____	_____	_____
8,000 - 9,000	Gallons	8,500	_____	_____	_____	_____
9,000 - 10,000	Gallons	9,500	_____	_____	_____	_____
10,000 - 11,000	Gallons	10,500	_____	_____	_____	_____
11,000 - 12,000	Gallons	11,500	_____	_____	_____	_____
12,000 - 13,000	Gallons	12,500	_____	_____	_____	_____
13,000 - 14,000	Gallons	13,500	_____	_____	_____	_____
14,000 - 15,000	Gallons	14,500	_____	_____	_____	_____
15,000 - 16,000	Gallons	15,500	_____	_____	_____	_____
16,000 - 17,000	Gallons	16,500	_____	_____	_____	_____
17,000 - 18,000	Gallons	17,500	_____	_____	_____	_____
18,000 - 19,000	Gallons	18,500	_____	_____	_____	_____
19,000 - 20,000	Gallons	19,500	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
		<i>Total</i>	(_____)	(_____)	(_____)	(_____)
		<i>Average Usage</i>		(_____)		(_____)

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

SEE ATTACHMENT NO. 1

For Period _____ to _____

All Meter

<u>Sizes</u>	<u>Monthly Water Usage</u>	<u>Average</u>	<u>Residential</u>		<u>Non-Residential</u>	
			<u>No. of Users</u>	<u>Usage (1000)</u>	<u>No. of Users</u>	<u>Usage (1000)</u>
0 - 2,000	Gallons	1,000	_____	_____	_____	_____
2,000 - 3,000	Gallons	2,500	_____	_____	_____	_____
3,000 - 4,000	Gallons	3,500	_____	_____	_____	_____
4,000 - 5,000	Gallons	4,500	_____	_____	_____	_____
5,000 - 6,000	Gallons	5,500	_____	_____	_____	_____
6,000 - 7,000	Gallons	6,500	_____	_____	_____	_____
7,000 - 8,000	Gallons	7,500	_____	_____	_____	_____
8,000 - 9,000	Gallons	8,500	_____	_____	_____	_____
9,000 - 10,000	Gallons	9,500	_____	_____	_____	_____
10,000 - 11,000	Gallons	10,500	_____	_____	_____	_____
11,000 - 12,000	Gallons	11,500	_____	_____	_____	_____
12,000 - 13,000	Gallons	12,500	_____	_____	_____	_____
13,000 - 14,000	Gallons	13,500	_____	_____	_____	_____
14,000 - 15,000	Gallons	14,500	_____	_____	_____	_____
15,000 - 16,000	Gallons	15,500	_____	_____	_____	_____
16,000 - 17,000	Gallons	16,500	_____	_____	_____	_____
17,000 - 18,000	Gallons	17,500	_____	_____	_____	_____
18,000 - 19,000	Gallons	18,500	_____	_____	_____	_____
19,000 - 20,000	Gallons	19,500	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
		Total	(_____)	(_____)	(_____)	(_____)
		Average Usage		(_____)		(_____)

Total Water Purchased and/or Produced _____
 Total Water Sold _____

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

For Period _____ to _____

All Meter

<u>Sizes</u>	<u>Monthly Water Usage</u>	<u>Average</u>	<u>Residential</u>		<u>Non-Residential</u>	
			<u>No. of Users</u>	<u>Usage (1000)</u>	<u>No. of Users</u>	<u>Usage (1000)</u>
0 - 2,000	Gallons	1,000	_____	_____	_____	_____
2,000 - 3,000	Gallons	2,500	_____	_____	_____	_____
3,000 - 4,000	Gallons	3,500	_____	_____	_____	_____
4,000 - 5,000	Gallons	4,500	_____	_____	_____	_____
5,000 - 6,000	Gallons	5,500	_____	_____	_____	_____
6,000 - 7,000	Gallons	6,500	_____	_____	_____	_____
7,000 - 8,000	Gallons	7,500	_____	_____	_____	_____
8,000 - 9,000	Gallons	8,500	_____	_____	_____	_____
9,000 - 10,000	Gallons	9,500	_____	_____	_____	_____
10,000 - 11,000	Gallons	10,500	_____	_____	_____	_____
11,000 - 12,000	Gallons	11,500	_____	_____	_____	_____
12,000 - 13,000	Gallons	12,500	_____	_____	_____	_____
13,000 - 14,000	Gallons	13,500	_____	_____	_____	_____
14,000 - 15,000	Gallons	14,500	_____	_____	_____	_____
15,000 - 16,000	Gallons	15,500	_____	_____	_____	_____
16,000 - 17,000	Gallons	16,500	_____	_____	_____	_____
17,000 - 18,000	Gallons	17,500	_____	_____	_____	_____
18,000 - 19,000	Gallons	18,500	_____	_____	_____	_____
19,000 - 20,000	Gallons	19,500	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
		Total	(_____)	(_____)	(_____)	(_____)
		Average Usage		(_____)		(_____)

Total Water Purchased and/or Produced _____
 Total Water Sold _____

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment:

1. Type _____

2. Method of Sludge Disposal _____

3. Cost per 1,000 gallons if sewage treatment is contracted:

\$ _____

B. Treatment Capacity of Sewage Treatment Plant _____

C. Type of Sewage Collector System (Describe) _____

D. Number and Capacity of Sewage Lift Stations _____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ 8" _____

10" _____ 12" _____, Larger _____

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

Number of Treatment Plant Sites _____

Number of Pump Sites _____

Number of Other Sites _____

Total Acreage _____ **Acres**

Purchase Price \$ _____

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

Water for the proposed additions will be supplied by BGMU -- see Section III. There are no proposed new customers, therefore there will be no impact on the District's purchase contract.

B. Water Storage:

Type: Ground Storage Tank _____ Elevated Tank _____
Standpipe _____ Other _____

Number of Storage Structures _____

Total Storage Volume Capacity _____

C. Water Distribution System:

Pipe Material _____ Ductile iron _____

Lineal Feet of Pipe: 3" Diameter _____ 4" _____

6" _____ 8" _____

10" _____ 14" _____ 29,6000

Number and Capacity of Pump Station(s) _____ 1 @ 1,200 gpm _____

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites _____

Number of Pump Sites _____ 1 _____

Number of Other Sites _____

Total Acreage _____ 0.02 _____ Acres

Purchase Price \$ _____ 5,000 _____

XVII. NUMBER OF NEW SEWER USERS

<i>Residential (In Town) *</i>	_____
<i>Residential (Out of Town) *</i>	_____
<i>Non-Residential (In Town)</i>	_____
<i>Non-Residential (Out of Town)</i>	_____
<i>Total</i>	_____
<i>Number to Total Potential Users Living in the Service Area</i>	_____

**Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.*

XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	\$ _____
<u>1 - Inch</u>	\$ _____
<u>1-1/2 Inch</u>	\$ _____
<u>2 - Inch</u>	\$ _____
<u>3 - Inch</u>	\$ _____
<u>4 - Inch</u>	\$ _____
<u>5 - Inch</u>	\$ _____
<u>6 - Inch</u>	\$ _____

XIX. NUMBER OF NEW WATER USERS

Residential (In Town) * _____
Residential (Out of Town) * _____
Non-Residential (In Town) _____
Non-Residential (Out of Town) _____
Total _____
Number to Total Potential Users Living in the Service Area _____

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION:

SEE SECTION VIII.

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	\$ _____
<u>1 - Inch</u>	\$ _____
<u>1-1/2 Inch</u>	\$ _____
<u>2 - Inch</u>	\$ _____
<u>3 - Inch</u>	\$ _____
<u>4 - Inch</u>	\$ _____
<u>5 - Inch</u>	\$ _____
<u>6 - Inch</u>	\$ _____

XXI. SEWER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Proposed Rate Schedule: (Without RUS Grant)

First	_____	Gallons @ \$ _____	Minimum.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	_____	Gallons @ \$ _____	per 1,000 Gallons.

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Recommended Rate Schedule: (With RUS Grant)

First	_____	Gallons @ \$ _____	Minimum.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	_____	Gallons @ \$ _____	per 1,000 Gallons.

If more than one rate, use additional sheets.

A. Proposed Rate Schedule without RUS Grant:

First	_____	Gallons @ \$ _____	Minimum.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	_____	Gallons @ \$ _____	per 1,000 Gallons.

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

First	_____	Gallons @ \$ _____	Minimum.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
Next	_____	Gallons @ \$ _____	per 1,000 Gallons.
All Over	_____	Gallons @ \$ _____	per 1,000 Gallons.

If more than one rate, use additional sheets.

PROPOSED MONTHLY RATE SCHEDULES

GENERAL SERVICE RATES

5/8 X 3/4 INCH METER

First	2,000 Gallons	*\$10.49 Minimum Bill
Next	8,000 Gallons	2.88 per 1,000 Gallons
Next	90,000 Gallons	2.35 per 1,000 Gallons
Next	900,000 Gallons	1.94 per 1,000 Gallons
Over	1,000,000 Gallons	1.60 per 1,000 Gallons

*\$10.49 Minimum applicable only to 5/8 x 3/4 inch meters. The minimums below will apply to all other meter sizes.

3/4"	\$ 13.64 Minimum Bill, includes first	3,000 Gallons
1"	20.10 Minimum Bill, includes first	5,000 Gallons
1-1/2"	37.90 Minimum Bill, includes first	10,000 Gallons
2"	53.99 Minimum Bill, includes first	16,000 Gallons
3"	125.13 Minimum Bill, includes first	25,000 Gallons
4"	149.61 Minimum Bill, includes first	30,000 Gallons
6"	240.06 Minimum Bill, includes first	60,000 Gallons
8"	307.25 Minimum Bill, includes first	80,000 Gallons
10"	1,260.49 Minimum Bill, includes first	550,000 Gallons

The rates to be charged for usage over the quantity included in the minimum bill are the same regardless of meter size.

PRIVATE FIRE SERVICE RATES (For Connections Used Exclusively for Private Fire Protection Purposes)

5/8 X 3/4 INCH SERVICE

Minimum	0 Gallons	\$8.58 Minimum Bill*
First	2,000 Gallons	0.96 per 1,000 Gallons
Next	8,000 Gallons	2.88 per 1,000 Gallons
Next	90,000 Gallons	2.35 per 1,000 Gallons
Next	900,000 Gallons	1.94 per 1,000 Gallons
Next	1,000,000 Gallons	1.60 per 1,000 Gallons

*\$8.58 Minimum applicable only to 5/8 x 3/4 inch services. The minimums below will apply to all other service sizes.

3/4"	\$10.77 Minimum Bill (0 Gals.), first	3,000 Gals. at \$0.96 per 1,000 Gals.
1"	15.31 Minimum Bill (0 Gals.), first	5,000 Gals. at \$0.96 per 1,000 Gals.
1-1/2"	28.32 Minimum Bill (0 Gals.), first	10,000 Gals. at \$0.96 per 1,000 Gals.
2"	38.67 Minimum Bill (0 Gals.), first	16,000 Gals. at \$0.96 per 1,000 Gals.
3"	108.13 Minimum Bill (0 Gals.), first	30,000 Gals. at \$0.96 per 1,000 Gals.
4"	148.64 Minimum Bill (0 Gals.), first	50,000 Gals. at \$0.96 per 1,000 Gals.
6"	238.12 Minimum Bill (0 Gals.), first	100,000 Gals. at \$0.96 per 1,000 Gals.
8"	317.15 Minimum Bill (0 Gals.), first	160,000 Gals. at \$0.96 per 1,000 Gals.
10"	733.79 Minimum Bill (0 Gals.), first	550,000 Gals. at \$0.96 per 1,000 Gals.

The rates charged for usage over the gallons listed above at \$0.96 per 1,000 gallons are the same regardless of service size.

XXIII. FORECAST OF SEWER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

<i>Meter Size*</i>	<i>Monthly Sewer Usage</i>	<i>Average Rate</i>	<i>Residential</i>			<i>Non-Residential</i>		
			<i>No. of Users**</i>	<i>Usage (1000)</i>	<i>Income</i>	<i>No. of Users</i>	<i>Usage (1000)</i>	<i>Income</i>
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	- Gallons							
	- Gallons							
	- Gallons							
	<i>Sub-Total</i>		()	()	()	()	()	()
	<i>Average Monthly Rate</i> ()							
	<i>Average Monthly Usage</i>		()			()		

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons							
	-	Gallons							
1-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

	-	Gallons							
	-	Gallons							
1-1/2	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

	-	Gallons							
	-	Gallons							
2-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

	-	Gallons							
	-	Gallons							
3-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

	-	Gallons							
	-	Gallons							
4-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Sub-Total		()	()	()	()	()	()

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons							
	-	Gallons							
5-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
	-	Gallons							
	-	Gallons							
6-	-	Gallons							
Inch	-	Gallons							
	-	Gallons							
	-	Gallons							
	-	Gallons							
		Sub-Total		()	()	()	()	()	()
		TOTALS		()	()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXIV. FORECAST OF SEWER USAGE - INCOME - NEW USERS - EXTENSION ONLY

<i>Meter Size*</i>	<i>Monthly Sewer Usage</i>	<i>Average Rate</i>	<i>Residential</i>			<i>Non-Residential</i>		
			<i>No. of Users**</i>	<i>Usage (1000)</i>	<i>Income</i>	<i>No. of Users</i>	<i>Usage (1000)</i>	<i>Income</i>
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	- Gallons							
	- Gallons							
	- Gallons							
	<i>Sub-Total</i>		()	()	()	()	()	()
	<i>Average Monthly Rate</i> ()							
	<i>Average Monthly Usage</i>			()			()	

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons						
	-	Gallons						
5-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
	-	Gallons						
	-	Gallons						
6-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
		TOTALS		()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

SEE ATTACHMENT NO. 1

Meter Size*	Monthly Sewer Usage	Average Rate	Residential			Non-Residential		
			No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	- Gallons							
	- Gallons							
	- Gallons							
	Sub-Total		()	()	()	()	()	()
	Average Monthly Rate	()						
	Average Monthly Usage			()			()	

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
5-	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
Inch	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
				Sub-Total	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
6-	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
Inch	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
	_____	-	_____	Gallons	_____	_____	_____	_____	_____	_____
				Sub-Total	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)
				TOTALS	(_____)	(_____)	(_____)	(_____)	(_____)	(_____)

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above.
 If not billed as a typical residential user, please explain below.

	<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVI. FORECAST OF WATER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Meter Size*	Monthly Sewer Usage	Average Rate	Residential			Non-Residential		
			No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	_____ - _____ Gallons							
	_____ - _____ Gallons							
	_____ - _____ Gallons							
	Sub-Total		(_____)	(_____)	(_____)	(_____)	(_____)	(_____)
	Average Monthly Rate	(_____)						
	Average Monthly Usage			(_____)			(_____)	

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons						
	-	Gallons						
5-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total	()	()	()	()	()	()
	-	Gallons						
	-	Gallons						
6-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total	()	()	()	()	()	()
		TOTALS	()	()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above.
 If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM)

(As of the last full operating year.)

A. Operating Income:

<i>Sewer Revenue</i>	\$ _____
<i>Late Charge Fees</i>	_____
<i>Other (Describe)</i>	_____
<i>Less Allowances and Deductions</i>	(_____)
Total Operating Income	\$ _____

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

<i>Operation Expense</i>	\$ _____
<i>Maintenance Expense</i>	_____
<i>Customer Accounts Expense</i>	_____
<i>Administrative and General Expense</i>	_____
Total Operating and Maintenance Expenses	\$ _____
Net Operating Income	\$ _____

C. Non-Operating Income:

<i>Interest on Deposits</i>	\$ _____
<i>Other (Identify)</i>	_____
Total Non-Operating Income	\$ _____

D. Net Income \$ _____

E. Debt Repayment:

<i>RUS Interest</i>	\$ _____
<i>RUS Principal</i>	_____
<i>Non-RUS Interest</i>	_____
<i>Non-RUS Principal</i>	_____
Total Debt Repayment	\$ _____

F. Balance Available for Coverage \$ _____

XXVIII. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - EXISTING SYSTEM
AND NEW USERS (1st Full Year of Operation) Year Ending _____

A. Operating Income:

<i>Sewer Revenue</i>	\$ _____
<i>Late Charge Fees</i>	_____
<i>Other (Describe)</i>	_____
<i>Less Allowances and Deductions</i>	(_____)
<i>Total Operating Income</i>	\$ _____

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

<i>Operation Expense</i>	\$ _____
<i>Maintenance Expense</i>	_____
<i>Customer Accounts Expense</i>	_____
<i>Administrative and General Expense</i>	_____
<i>Total Operating and Maintenance Expenses</i>	\$ _____
<i>Net Operating Income</i>	\$ _____

C. Non-Operating Income:

<i>Interest on Deposits</i>	\$ _____
<i>Other (Identify)</i>	_____
<i>Total Non-Operating Income</i>	\$ _____

D. Net Income

\$ _____

E. Debt Repayment:

<i>RUS Interest</i>	\$ _____
<i>RUS Principal</i>	_____
<i>Non-RUS Interest</i>	_____
<i>Non-RUS Principal</i>	_____
<i>Total Debt Repayment</i>	\$ _____

F. Balance Available for Coverage

\$ _____

XXIX. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - NEW USERS - EXTENSION ONLY (1st Full Year of Operation) Year Ending _____

A. Operating Income:

Sewer Revenue \$ _____
Late Charge Fees _____
Other (Describe) _____
Less Allowances and Deductions (_____)
Total Operating Income \$ _____

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Operation Expense \$ _____
Maintenance Expense _____
Customer Accounts Expense _____
Administrative and General Expense _____
Total Operating and Maintenance Expenses \$ _____
Net Operating Income \$ _____

C. Non-Operating Income:

Interest on Deposits \$ _____
Other (Identify) _____
Total Non-Operating Income \$ _____

D. Net Income \$ _____

E. Debt Repayment:

RUS Interest \$ _____
RUS Principal _____
Non-RUS Interest _____
Non-RUS Principal _____
Total Debt Repayment \$ _____

F. Balance Available for Coverage \$ _____

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)

(As of the last full operating year.)

A. Operating Income:

Water Sales	\$ <u>5,673,809</u>
Disconnect/Reconnect/Late Charge Fees	<u>169,917</u>
Other (Describe)	<u>214,856</u>
Less Allowances and Deductions	<u>(1,188,498)</u>
Total Operating Income	\$ <u>4,870,084</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$ <u>1,606,937</u>
Pumping Expense	<u>246,980</u>
Water Treatment Expense	<u>4,625</u>
Transmission and Distribution Expense	<u>634,044</u>
Customer Accounts Expense	<u>629,529</u>
Administrative and General Expense	<u>419,075</u>
Total Operating Expenses	\$ <u>3,538,190</u>
Net Operating Income	\$ <u>1,331,894</u>

C. Non-Operating Income:

Interest on Deposits	\$ <u> </u>
Other (Identify)	<u>77,623</u>
Total Non-Operating Income	\$ <u>77,623</u>

D. Net Income \$ 1,409,517

E. Debt Repayment:

RUS Interest	\$ <u>236,148</u>
RUS Principal	<u>58,000</u>
Non-RUS Interest	<u>512,693</u>
Non-RUS Principal	<u>490,810</u>
Total Debt Repayment	\$ <u>1,297,651</u>

F. Balance Available for Coverage \$ 111,866

XXXI. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - EXISTING SYSTEM
AND NEW USERS (1st Full Year of Operation) Year Ending 2004

A. Operating Income:

Water Sales	\$ <u>6,178,709</u>
Disconnect/Reconnect/Late Charge Fees	<u>171,997</u>
Other (Describe)	<u>203,186</u>
Less Allowances and Deductions	(<u>1,258,478</u>)
Total Operating Income	\$ <u>5,295,414</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of
Regulatory Utility Commissioners)

Source of Supply Expense	\$ <u>1,626,937</u>
Pumping Expense	<u>281,980</u>
Water Treatment Expense	<u>4,625</u>
Transmission and Distribution Expense	<u>752,289</u>
Customer Accounts Expense	<u>662,029</u>
Administrative and General Expense	<u>397,675</u>
Total Operating Expenses	\$ <u>3,725,535</u>
Net Operating Income	\$ <u>1,569,879</u>

C. Non-Operating Income:

Interest on Deposits	\$ _____
Other (Identify)	<u>75,823</u>

Total Non-Operating Income \$ 75,823

D. Net Income \$ 1,645,702

E. Debt Repayment:

RUS Interest	\$ <u>291,879</u>
RUS Principal	<u>75,600</u>
Non-RUS Interest	<u>469,520</u>
Non-RUS Principal	<u>534,412</u>
Total Debt Repayment	\$ <u>1,371,411</u>

F. Balance Available for Coverage \$ 274,291

**XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS -
EXTENSION ONLY (1st Full Year of Operation) Year Ending _____**

A. Operating Income:

Water Sales	\$ _____
Disconnect/Reconnect/Late Charge Fees	_____
Other (Describe)	_____
Less Allowances and Deductions	(_____)
Total Operating Income	\$ _____

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of
Regulatory Utility Commissioners)

Source of Supply Expense	\$ _____
Pumping Expense	_____
Water Treatment Expense	_____
Transmission and Distribution Expense	_____
Customer Accounts Expense	_____
Administrative and General Expense	_____
Total Operating Expenses	\$ _____
Net Operating Income	\$ _____

C. Non-Operating Income:

Interest on Deposits	\$ _____
Other (Identify)	_____
Total Non-Operating Income	\$ _____

D. Net Income

\$ _____

E. Debt Repayment:

RUS Interest	\$ _____
RUS Principal	_____
Non-RUS Interest	_____
Non-RUS Principal	_____
Total Debt Repayment	\$ _____

F. Balance Available for Coverage

\$ _____

XXXIII. ESTIMATED PROJECT COST - SEWER
(Round to nearest \$100)

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	_____	_____	_____
<i>Land and Rights</i>	_____	_____	_____
<i>Legal</i>	_____	_____	_____
<i>Engineering</i>	_____	_____	_____
<i>Interest</i>	_____	_____	_____
<i>Contingencies</i>	_____	_____	_____
<i>Initial Operating and Maintenance</i>	_____	_____	_____
<i>Other</i>	_____	_____	_____
TOTAL	_____	_____	_____

XXXIV. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>	_____	_____	_____
<i>Other - Applicant Contribution</i>	_____	_____	_____
<i>RUS Loan</i>	_____	_____	_____
<i>RUS Grant</i>	_____	_____	_____
<i>ARC Grant (If applicable)</i>	_____	_____	_____
<i>CDBG (If applicable)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____

XXXV. ESTIMATED PROJECT COST - WATER

Development	\$ <u>1,456,300</u>
Land and Rights	<u>30,000</u>
Legal	<u>13,500</u>
Engineering	<u>138,600</u>
Interest	<u>18,500</u>
Contingencies	<u>83,300</u>
Initial Operating and Maintenance	<u> </u>
Other	<u>9,800</u>
TOTAL	\$ <u>1,750,000</u>

XXXVI. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	\$ <u> </u>
Other Applicant Contribution	<u>500,000</u>
RUS Loan	<u>1,250,000</u>
RUS Grant	<u> </u>
ARC Grant (If applicable)	<u> </u>
CDBG (If applicable)	<u> </u>
Other (Specify)	<u> </u>
Other (Specify)	<u> </u>
TOTAL	\$ <u>1,750,000</u>

ATTACHMENT NO. 1

ANALYSIS OF ACTUAL WATER USAGE AND FORECAST OF INCOME ON EXISTING SYSTEM (INCLUDES 7.6% RATE INCREASE FOR PROJECT 17)

5/8" METERS:

		8.90%			RESIDENTIAL			COMMERCIAL		
<u>USAGE/MON</u>		<u>AVG. USAGE</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	
0 to	1	0		3,408	0	33,814	1,090	0	11,484	
0 to	2,000	1,078	9.46	30,388	34,154,334	308,431	4,153	3,077,324	43,817	
2 to	4,000	3,055	4.48	59,470	181,920,100	815,238	1,442	4,175,380	19,080	
4 to	6,000	4,934	3.89	56,263	277,602,360	1,079,153	800	3,935,100	15,309	
6 to	8,000	6,887	3.61	31,742	218,575,800	789,658	588	4,079,780	14,718	
8 to	10,000	8,873	3.46	15,192	134,770,430	465,953	401	3,589,340	12,393	
10 to	15,000	11,886	3.23	12,377	147,002,270	475,546	520	6,287,560	20,244	
15 to	20,000	17,128	2.97	3,050	52,220,640	155,160	264	4,540,090	13,478	
20 to	25,000	22,197	2.83	1,267	28,121,700	79,717	165	3,663,980	10,385	
25 to	30,000	27,286	2.75	610	16,632,330	45,723	91	2,495,230	6,854	
30 to	50,000	37,691	2.65	733	27,333,270	72,384	212	8,285,020	21,836	
50 &	Above	86,434	2.43	431	38,372,890	93,037	211	17,117,600	41,937	
Subtotals				214,931	1,156,706,124	\$4,413,815	9,937	61,246,404	\$231,536	

3/4" METERS:

					RESIDENTIAL			COMMERCIAL		
<u>USAGE/MON</u>		<u>AVG. USAGE</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	
0 to	1	0		0	0	0	12	0	166	
0 to	3,000	2,158	6.40	3	8,720	41	16	32,280	221	
3 to	4,000	3,650	4.30	10	37,170	159	3	10,280	45	
4 to	6,000	4,925	3.94	22	111,500	437	8	36,250	146	
6 to	8,000	6,853	3.66	22	151,970	555	4	26,220	97	
8 to	10,000	8,781	3.49	10	87,070	305	6	53,430	186	
10 to	15,000	12,902	3.19	10	131,360	417	8	100,880	323	
15 to	20,000	16,557	3.01	2	31,420	96	8	134,150	402	
20 to	25,000	22,115	2.85	1	21,590	62	3	66,870	190	
25 to	30,000	27,478	2.76	3	79,910	221	1	30,000	82	
30 to	50,000	38,394	2.65	8	317,120	837	3	105,210	281	
50 &	Above	109,871	2.37	5	271,660	697	12	1,596,140	3,735	
Subtotals				96	1,249,490	\$3,826	84	2,191,710	\$5,875	

1" METERS

					RESIDENTIAL			COMMERCIAL		
<u>USAGE/MON</u>		<u>AVG. USAGE</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	
0 to	1	0		38	0	735	306	0	6,211	
0 to	5,000	2,351	8.61	935	2,694,160	18,879	789	1,358,140	15,996	
5 to	10,000	7,235	3.71	876	6,227,790	23,213	283	2,157,320	7,923	
10 to	15,000	12,150	3.30	250	3,015,230	9,957	184	2,257,910	7,420	
15 to	20,000	17,244	3.02	84	1,441,740	4,363	126	2,179,540	6,585	
20 to	25,000	22,552	2.87	50	1,118,820	3,216	103	2,331,560	6,688	
25 to	30,000	27,414	2.78	34	925,120	2,577	58	1,597,000	4,441	
30 to	40,000	34,586	2.70	46	1,596,460	4,305	94	3,245,600	8,757	
40 to	50,000	44,804	2.62	26	1,157,480	3,039	68	3,054,050	8,012	
50 to	75,000	60,931	2.56	41	2,581,080	6,586	96	5,766,420	14,764	
75 to	100,000	87,475	2.50	42	3,712,390	9,283	61	5,297,500	13,259	
100 to	300,000	159,398	2.29	59	9,450,210	21,626	187	29,761,640	68,170	
300 to	500,000	375,387	2.10	2	607,270	1,296	20	7,651,250	16,049	
500 to	1,000,000	641,342	2.04	0	0	0	9	5,772,080	11,788	
1,000 &	Above	0	0.00	0	0	0	0	0	0	
Subtotals				2,483	34,527,750	\$109,075	2,384	72,430,010	\$196,063	

1 1/2" METERS:

				RESIDENTIAL			COMMERCIAL		
USAGE/MON		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to 1		0		4	0	153	128	0	4,865
0 to 10,000		4,469	8.56	45	187,300	1,725	111	509,900	4,241
10 to 15,000		12,267	3.57	3	36,600	131	61	748,500	2,668
15 to 20,000		17,571	3.21	4	68,500	221	52	915,500	2,933
20 to 25,000		22,508	3.02	4	92,400	278	48	1,078,000	3,261
25 to 30,000		27,500	2.91	1	25,900	76	39	1,074,100	3,120
30 to 40,000		34,929	2.79	1	30,700	88	71	2,484,200	6,935
40 to 50,000		44,009	2.71	0	0	0	22	968,200	2,620
50 to 75,000		65,240	2.60	0	0	0	15	978,600	2,542
75 to 100,000		85,824	2.54	0	0	0	17	1,459,000	3,712
100 to 150,000		116,952	2.44	0	0	0	31	3,625,500	8,842
150 to 500,000		282,150	2.16	0	0	0	50	14,107,500	30,453
500 & Above		0	0.00	0	0	0	0	0	0
Subtotals				62	441,400	\$2,671	645	27,949,000	\$76,193

2" METERS:

				RESIDENTIAL			COMMERCIAL		
USAGE/MON		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to 1		0		0	0	0	113	0	6,122
0 to 10,000		3,393	16.05	23	143,000	1,219	341	1,092,100	18,603
10 to 16,000		12,526	4.36	5	61,100	273	65	815,700	3,552
16 to 20,000		17,653	3.32	1	16,700	56	33	583,500	1,935
20 to 25,000		22,539	3.11	1	23,800	73	22	494,600	1,541
25 to 30,000		27,875	2.97	3	85,100	252	17	472,400	1,405
30 to 40,000		36,234	2.83	1	37,900	107	57	2,063,700	5,849
40 to 50,000		44,867	2.75	0	0	0	49	2,198,500	6,036
50 to 75,000		61,257	2.65	9	539,800	1,431	84	5,157,100	13,642
75 to 100,000		87,289	2.57	0	0	0	68	5,935,668	15,230
100 to 150,000		125,317	2.42	1	105,000	264	114	14,306,400	34,660
150 to 200,000		173,215	2.30	2	345,000	792	89	15,417,600	35,387
200 to 300,000		255,077	2.40	0	0	0	93	23,722,171	56,817
300 to 500,000		381,194	2.11	2	832,800	1,749	50	18,989,300	40,125
500 & Above		709,526	2.02	0	0	0	31	21,995,300	44,520
Subtotals				48	2,190,200	\$6,216	1,226	113,244,039	\$285,423

3" METERS:

				RESIDENTIAL			COMMERCIAL		
USAGE/MON		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to 1		0		0	0	0	0	0	0
0 to 15,000		13,100	10.57	0	0	0	1	13,100	139
15 to 30,000		21,329	6.49	0	0	0	7	149,300	970
30 to 50,000		39,067	4.10	0	0	0	12	468,800	1,920
50 to 75,000		62,800	3.45	0	0	0	26	1,632,800	5,626
75 to 100,000		88,357	3.14	0	0	0	23	2,032,200	6,372
100 to 150,000		119,875	2.87	0	0	0	24	2,877,000	8,248
150 to 200,000		176,714	2.58	0	0	0	7	1,237,000	3,185
200 to 300,000		256,350	2.38	0	0	0	6	1,538,100	3,667
300 to 500,000		347,507	2.27	0	0	0	14	4,865,100	11,058
500 to 1,000,000		783,977	2.10	0	0	0	22	17,247,500	36,199
1,000 & Above		2,496,874	1.80	0	0	0	38	94,881,200	170,911
Subtotals				0	0	\$0	180	126,942,100	\$248,294

4" METERS:

* USAGE/MON		FIRE SERVICE RATE						COMMERCIAL	
		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to	1	0		117	0	17,540	23	0	4,575
0 to	20,000	5,768	27.43	98	549,170	15,179	8	62,220	1,591
20 to	30,000	26,261	6.70	13	341,390	2,286	0	0	0
30 to	40,000	33,469	5.46	11	368,160	2,012	0	0	0
40 to	50,000	44,332	4.37	13	574,150	2,512	1	46,500	199
50 to	75,000	61,432	3.68	31	1,903,900	7,006	3	184,780	679
75 to	100,000	86,452	3.30	34	2,939,370	9,705	0	0	0
100 to	200,000	145,103	2.78	38	5,433,510	15,120	12	1,821,650	5,030
200 to	300,000	239,933	2.47	13	3,077,540	7,613	4	1,001,320	2,449
300 to	500,000	389,784	2.27	27	10,489,120	23,843	3	1,204,400	2,726
500 to	1,000,000	669,272	2.14	17	10,063,200	21,792	19	14,030,600	29,812
1,000 &	Above	2,298,948	1.82	2	3,436,400	6,494	29	67,831,000	123,378
Subtotals				414	39,175,910	\$131,103	102	86,182,470	\$170,438

6" METERS:

USAGE/MON		FIRE SERVICE RATE						COMMERCIAL	
		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to	1	0		55	0	13,255	0	0	0
0 to	30,000	9,003	27.74	62	558,200	15,483	0	0	0
30 to	40,000	34,580	7.71	5	172,900	1,332	0	0	0
40 to	50,000	43,233	5.49	3	129,700	712	0	0	0
50 to	60,000	0	0.00	0	0	0	0	0	0
60 to	80,000	67,800	4.52	7	474,600	2,147	0	0	0
80 to	100,000	86,167	3.77	12	1,034,000	3,894	0	0	0
100 to	200,000	145,508	2.94	12	1,746,100	5,125	0	0	0
200 to	300,000	262,850	2.50	18	4,731,300	11,828	0	0	0
300 to	500,000	343,000	2.37	9	3,087,000	7,328	0	0	0
500 to	1,000,000	0	0.00	0	0	0	0	0	0
1,000 &	Above	5,457,273	1.71	11	60,030,000	102,679	0	0	0
Subtotals				194	71,963,800	\$163,783	0	0	\$0

8" METERS:

USAGE/MON		FIRE SERVICE RATE						COMMERCIAL	
		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to	1	0		43	0	13,802	0	0	0
0 to	40,000	6,801	48.16	82	557,700	26,861	0	0	0
40 to	50,000	0	0.00	0	0	0	0	0	0
50 to	60,000	54,000	6.91	1	54,000	373	0	0	0
60 to	80,000	0	0.00	0	0	0	0	0	0
80 to	100,000	92,000	4.46	1	92,000	410	0	0	0
100 to	200,000	0	0.00	0	0	0	0	0	0
200 to	300,000	0	0.00	0	0	0	0	0	0
300 to	500,000	380,000	2.39	3	1,140,000	2,722	0	0	0
500 to	1,000,000	660,389	2.21	9	5,943,500	13,112	0	0	0
1,000 &	Above	3,011,318	1.79	11	33,124,500	59,248	0	0	0
Subtotals				150	40,911,700	\$116,528	0	0	\$0

10" METERS:

USAGE/MON		FIRE SERVICE RATE						COMMERCIAL	
		AVG. USAGE	AVG. RATE	NO. BILLS	USAGE	INCOME	NO. BILLS	USAGE	INCOME
0 to	1	0		15	0	11,140	0	0	0
0 to	50,000	5,000	149.50	9	45,000	6,727	0	0	0
50 to	60,000	0	0.00	0	0	0	0	0	0
60 to	80,000	0	0.00	0	0	0	0	0	0
80 to	100,000	0	0.00	0	0	0	0	0	0
100 to	200,000	0	0.00	0	0	0	0	0	0
200 to	300,000	0	0.00	0	0	0	0	0	0
300 to	400,000	0	0.00	0	0	0	0	0	0
400 to	5,000,000	0	0.00	0	0	0	0	0	0
500 to	1,000,000	0	0.00	0	0	0	0	0	0
1,000 &	Above	0	0.00	0	0	0	0	0	0
Subtotals				24	45,000	\$17,867	0	0	\$0

TOTALS 218,402 1,347,211,374 \$4,964,885 14,558 490,185,733 \$1,213,822

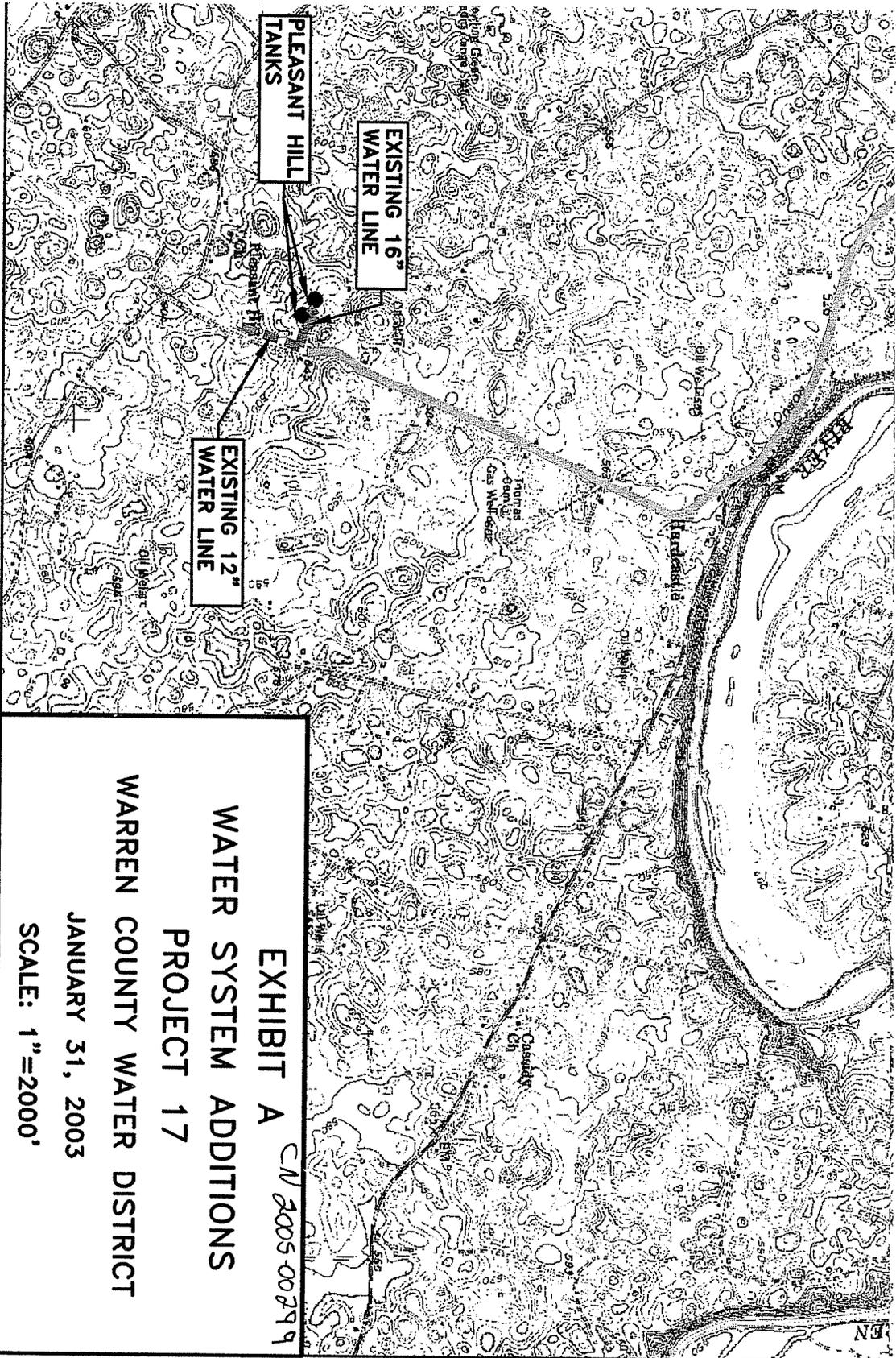


EXHIBIT A CN 2005-00299

WARREN COUNTY WATER DISTRICT
PROJECT 17

JANUARY 31, 2003

SCALE: 1"=2000'

WATER SYSTEM ADDITIONS
WARREN COUNTY WATER DISTRICT
WARREN COUNTY, KENTUCKY

FINAL ENGINEERING REPORT

WATER SYSTEM ADDITIONS
PROJECT 17

June 30, 2005



Prepared by
Engineering Staff
Warren County Water District

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Appendix B - Proposal of Low Bidder

Appendix C - PSC Private Fire Protection Rates

Appendix D - Debt Service Schedule

Attachment 1

INTRODUCTION

Warren County Water District serves the area in Warren County outside the territory of Bowling Green Municipal Utilities (BGMU). Within Warren County the Water District provides service in the communities of Smiths Grove, Oakland, Plum Springs, and Woodburn. Service is also provided in adjacent portions of Allen, Butler, Edmondson and Simpson Counties.

Warren County is continuing to be one of the fastest growing counties in the Commonwealth of Kentucky. According to the State Data Center at the University of Louisville, Warren County's population increased 20.7 percent from 1990 to 2000 which was a net gain of 15,849 people. This increase means that Warren County experienced the fourth largest absolute gain in population through that period. Kentucky State Data Center projections beyond 2000 include increases of a similar magnitude for Warren County.

Growth on the Water District's system is occurring at a rate equal to or greater than that of the county's population. In recent years, 700 to 800 new customers per year have been added along existing lines. Also, expansion of the commercial and industrial base in the Water District's service area continues to increase demand on the public water supply. While this growth has been very beneficial to the Water District, the system's transmission and storage capacity must be enlarged to continue meeting the demands of these existing customers and also provide for future growth.

SUMMARY AND CONCLUSIONS

Due to extensive growth in the eastern area of Warren County, the Water District is proposing construction of approximately 5.5 miles of 16 inch transmission line. Near the western end of the proposed 16-inch line, a new pump station will be built to convey water to an existing 500,000 gallon elevated storage tank. These proposed facilities will supply water to the rapidly growing Cemetery Road, Pleasant Hill and Alvaton areas.

The transmission system improvements summarized above are not financially feasible without a general rate increase. The estimated project cost for the project is \$2,125,000. The project cost will be financed by \$1,250,000 in loan funds from Rural Development (RD) and \$875,000 in Water District funds. The interest rate on the loan funds will be based on RD's "market" rate, which for this project is 4.25 percent.

Debt service and operating expenses for the proposed facilities will be covered by revenues of the District and the impact of the project will require an increase in general service rates to existing customers. The general service rates must be increased to result in additional revenues of 9.8 percent.

EXISTING SYSTEM

The existing water system currently serves 21,146 customers with approximately 960 miles of transmission and distribution lines ranging in size from 2-inches to 30-inches and approximately 122 miles of service lines ranging from 3/4 inch to 2-inches. There are 25 existing pumping stations in service with a total capacity of approximately 17,700 gallons per minute (gpm). There are 28 storage tanks scattered

throughout the system with a total capacity of 10.2 million gallons.

Most of the water distributed and sold by the Water District is purchased from BGMU. BGMU's water treatment plant has a capacity of 22.5 million gallons per day (mgd) and has an average production of approximately 16 mgd. BGMU is currently has a construction project underway to upgrade the water plant capacity to 30 mgd.

PROJECT DESCRIPTION

The proposed project will begin at a new connection on the Water District's 30-inch transmission main on Cumberland Trace just east of I-65. From this point of connection the proposed 16-inch transmission line will run northerly on Cumberland Trace and connect to an existing section of 14-inch line. At the opposite end of this existing 14-inch line on Cemetery Road (State Hwy 234) the proposed transmission line will begin again and continue easterly for several miles along Cemetery Road. Near the Hardcastle community the route of the proposed line will turn southerly and follow Pleasant Hill Road to Carter Lane. At Carter Lane the proposed 16-inch line will connect to an existing 16-inch main that supplies an existing elevated storage tank.

Near the western end of the proposed line on Cemetery Road a new pump station will be constructed to convey water to the existing elevated tank. Two 1,200 gpm pumps will be installed in this station. This pump station will also be designed for future expansion to also convey up to 1,800 gpm into the service area east and south of Cemetery Road as future transmission improvements are constructed.

RESULTS OF CONSTRUCTION BIDS

On June 14, 2005, Warren County Water District opened bids for the construction of Project 17. The total of the low bid for the transmission lines and pumping station is \$1,842,130. This amount is approximately 7 percent below the most recent engineer's estimate and within the funds included in the final project budget.

The final project budget is included on the next page of this report. Tabulations of bids are included in Appendix A and the proposal of the low bidder as received June 14, 2005 is included in Appendix B.

**REVISED PROJECT BUDGET
 WATER SYSTEM ADDITIONS - PROJECT 17
 WARREN COUNTY WATER DISTRICT**

PROJECT COSTS

1. Construction		\$1,842,130
2. Engineering		
a. Design & Engr. During Construction	83,600	
b. Inspection	46,400	
		130,000
3. Administrative Expenses		3,500
4. Easement and Site Acquisition		12,000
5. Legal Costs		15,500
6. Interest During Construction		19,600
7. Contingency		102,270
		102,270
TOTAL PROJECT COST		<u>\$2,125,000</u>

PROJECT FUNDING

1. RD Loan		1,250,000
2. Water District Funds		875,000
		875,000
TOTAL FUNDING		<u>\$2,125,000</u>

PROPOSED WATER RATE

The Water District is responsible for maintaining rates and changes which provide revenue sufficient to cover operation and maintenance expenses, capital improvement and replacement costs, payments on principal and interest for outstanding bonds and other debt, and to maintain net revenue of levels required by bond covenants. The Preliminary Engineering Report for this project dated January 31, 2003 recommended an across the board rate increase to produce needed total revenue. However, subsequent to the Preliminary Engineering Report, Black & Veatch Corporation was employed to perform a complete cost of service study relative to the Water District's general service rates. This study also recognizes the Order of the Kentucky Public Service Commission regarding private fire protection rates in Case No. 2002-00042. The PSC Order established the Private Fire Protection Rates as shown in Appendix C.

The Black & Veatch study used methodology from the American Water Works Association, Manual M-1, Principles of Water Rates, Fees, and Charges, published by the AWWA in 2000. It was determined that with the additional debt service and operating expenses resulting from the proposed project, a revenue increase of approximately 9.8 percent is required. This increase will also provide adequate revenue for depreciation funds and net income to be generated for system maintenance, minor improvements, and special programs.

The schedule of "General Service Rates" recommended by Black & Veatch in conjunction with this project is shown on the following page along with "Private Fire Service Rates" rates established by the Public Service Commission. Following the rate schedule is the Proforma Adjustment, which shows the estimated revenues (which include the rate increase) and expenses for the first full year of operation after the completion of Project 17.

PROPOSED MONTHLY RATE SCHEDULES

GENERAL SERVICE RATES

5/8 X 3/4 INCH METER

First	2,000 Gallons	*\$10.52 Minimum Bill
Next	8,000 Gallons	3.09 per 1,000 Gallons
Next	90,000 Gallons	2.42 per 1,000 Gallons
Next	900,000 Gallons	1.97 per 1,000 Gallons
Over	1,000,000 Gallons	1.63 per 1,000 Gallons

*The \$10.52 Minimum applies to 5/8 x 3/4 inch meters only. The minimums below apply to all other meter sizes.

3/4"	\$	13.61 Minimum Bill, includes first	3,000	Gallons
1"		20.22 Minimum Bill, includes first	5,000	Gallons
1-1/2"		38.27 Minimum Bill, includes first	10,000	Gallons
2"		51.01 Minimum Bill, includes first	15,000	Gallons
3"		74.75 Minimum Bill, includes first	20,000	Gallons
4"		125.68 Minimum Bill, includes first	30,000	Gallons
6"		188.73 Minimum Bill, includes first	50,000	Gallons
8"		273.39 Minimum Bill, includes first	80,000	Gallons
10" & larger		382.98 Minimum Bill, includes first	120,000	Gallons

The rates to be charged after the minimum rate are the same regardless of meter size.

PRIVATE FIRE SERVICE RATES¹

<u>Meter Size</u>	<u>Rate</u>
inches	\$/month
5/8	\$ 6.78
1 1/2	10.10
2	12.32
3	28.83
4	63.41
6	112.95
8	186.28
10	299.91
12	451.06

¹These charges shall apply to all connections which provide service only for private fire protection facilities whether supplied through a fully metered service or an unmetered service with a detector check valve and bypass meter.

Customer charges are lump sum charges according to the applicable service size with zero water usage. In case of a fire, charges for water usage shall be in accordance with Warren County Water District Tariff effective 12/16/96, Section III D. Charges for all other water usage shall be in accordance with prevailing Warren County Water District rates for general service. Where a detector check valve with a bypass meter is used, the water usage shall be based on the combined volume of water used through both the detector check valve (estimated) and the bypass meter.

**PROFORMA ADJUSTMENT
WATER SYSTEM ADDITIONS - PROJECT 17
WARREN COUNTY WATER DISTRICT**

	EXISTING SYSTEM (C.Y. 2004)	CHANGES ON EXISTING SYSTEM	CHANGES DUE TO PROJECT 17	TOTAL FUTURE SYSTEM AFTER PROJECT (2007)
OPERATING INCOME				
Water Sales				
Residential	\$4,307,968		\$499,554 (6)	\$4,807,522
Commercial	1,486,466		144,214 (6)	1,630,680
Private Fire Protection	99,334	(\$3,162) (1)		96,172
Disc/Rec/Late Charges	190,020			190,020
Forfeited Discounts	92,827			92,827
Interest Income & Other Revenue	123,190		(26,250) (7)	96,940
Total Operating Income	\$6,299,805	(\$3,162)	\$617,518	\$6,914,161
OPERATION & MAINT. EXPENSES				
Source of Supply	1,646,694			1,646,694
Power for Pumping	306,357	23,038 (2)		329,395
Water Treatment	6,789			6,789
Transmission & Distribution	596,904	23,000 (3)		619,904
Customer Accounts	751,770			751,770
Administrative & General	491,235			491,235
Total Operating Expenses	3,799,749	46,038	0	3,845,787
NET OPERATING INCOME	\$2,500,056	(\$49,200)	\$617,518	\$3,068,374
NON-OPERATING INCOME				
Miscellaneous	37,840			37,840
Rental & Other	38,345			38,345
Total Non-operating Income	76,185	0	0	76,185
OTHER EXPENSES				
Depreciation	1,196,752	286,890 (4)	42,500 (8)	1,526,142
Customer Deposit Interest Expense	12,916			12,916
Regulatory Commission Expense	10,523			10,523
Unamortized Debt Expense	77,139			77,139
Total Other Expenses	\$1,297,330	\$286,890	\$42,500	\$1,626,720
NET INCOME	\$1,278,911	(\$336,090)	\$575,018	\$1,517,839
DEBT REPAYMENT				
RUS Interest	99,582	(3,386) (5)	53,125 (9)	149,321
RUS Principal	21,000	3,000 (5)	14,000 (9)	38,000
Non-RUS Interest	548,091	(82,602) (5)		465,489
Non-RUS Principal	599,113	34,259 (5)		633,372
Total Debt Repayment	\$1,267,786	(\$48,729)	\$67,125	\$1,286,182
BALANCE AVAILABLE FOR COVERAGE	\$11,125	(\$287,361)	\$507,893	\$231,657

NOTES TO PROFORMA ADJUSTMENT

1. An Order by the Kentucky Public Service Commission in Case No. 2002-00042 set the rates to be charged customers of the Water District with private fire protection services. The amount shown is the total decrease in revenue for this customer class as a result of changes in private fire protection charges.
2. TVA has announced an increase of 7.52 percent in their wholesale rate to power distributors. Local power companies have stated that this increase will be passed through to retail customers. Therefore, the expense for power has been increased by 7.52 percent.
3. The District has entered into an agreement with local agencies for a digital orthophotography project to be used to develop a GIS system. The cost shown is the expected minimum annual requirement.
4. Increases in depreciation expense result from: 1) assets added in 2004, but not depreciated for the full year; 2) normal system extensions and equipment purchases for 2005 and 2006; 3) major system improvements completed in early 2005; 3) Kentucky Transpark additions; and 4) the North Warren Water System Improvement project.
5. Changes in interest expense and principal from existing debt service schedules.
6. Total metered sales revenue increase from Attachment No. 1, "Analysis of Actual Water Usage and Forecast of Income on Existing System".
7. Project 17 funding includes \$875,000 in the Water District's funds, therefore this amount will not be available to invest. Average investment rate during 2004 was 3 percent.
8. The total project cost of \$2,125,000 will be depreciated over 50 years.
9. From Appendix D - Debt Service Schedule for \$1,250,000 Rural Utilities Service Bonds on Project 17.

APPENDIX A
TABULATION OF BIDS

TABULATION OF BIDS
WATER SYSTEM ADDITIONS - PROJECT 17
CEMETERY ROAD TRANSMISSION FACILITIES
 WARREN COUNTY WATER DISTRICT
 JUNE 14, 2005

ITEM NO.	DESCRIPTION	QTY.	UNITS	Cleary Construction Tompkinsville, KY		Scott & Ritter, Inc. Bowling Green, KY		Deweese Construction, Inc. Franklin, Ky	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1.	16" Butterfly Valve	9	EA	\$2,000.00	\$18,000.00	\$2,480.00	\$22,320.00	\$2,500.00	\$22,500.00
2.	8" Side Outlet Blowoff	3	EA	2,450.00	7,350.00	2,310.00	6,930.00	2,400.00	7,200.00
3.	4"x 4" Tap SI & Valve on PVC	1	EA	1,200.00	1,200.00	1,920.00	1,920.00	1,500.00	1,500.00
4.	Ductile Iron Fittings	24,600	LB	2.00	49,200.00	1.95	47,970.00	5.50	135,300.00
5.	Relocate Existing Water Meter With Regulator	7	EA	1,000.00	7,000.00	1,205.00	8,435.00	1,050.00	7,350.00
6.	3/4" Service Line	100	LF	10.00	1,000.00	3.75	375.00	10.00	1,000.00
7.	Auto Air Release Station	7	EA	1,900.00	13,300.00	1,810.00	12,670.00	1,600.00	11,200.00
8.	Manual Air Release Station	12	LF	1,600.00	19,200.00	1,430.00	17,160.00	1,300.00	15,600.00
9.	Pressure Reducing Station	1	LS	41,000.00	41,000.00	25,900.00	25,900.00	38,950.00	38,950.00
10.	Drakes Creek Pumping Station	1	LS	225,000.00	225,000.00	299,268.00	299,268.00	218,000.00	218,000.00
11.	Crushed Stone	8,100	T	12.00	97,200.00	10.00	81,000.00	11.25	91,125.00
12.	Concrete	50	CY	100.00	5,000.00	85.00	4,250.00	96.00	4,800.00
13.	Asphalt Pavement	90	T	210.00	18,900.00	140.00	12,600.00	125.00	11,250.00
14.	24" Sil. Casing by Bore w/ 16" DIP Res. Jt. Carrier	490	LF	230.00	112,700.00	290.00	142,100.00	276.00	135,240.00
15.	24" Sil. Casing by Open Cut w/ 16" DIP Res. Jt. Carri	100	LF	150.00	15,000.00	150.00	15,000.00	120.00	12,000.00
16.	Drakes Creek Crossing	1	LS	75,000.00	75,000.00	69,900.00	69,900.00	61,110.00	61,110.00
17.	16" DIP Water Line W/ Restrained Joint	2,280	LF	51.00	116,280.00	50.85	115,938.00	47.50	108,300.00
18.	16" DIP Water Line	26,080	LF	38.00	991,040.00	39.10	1,019,728.00	40.00	1,043,200.00
19.	4" CL200 PVC Water Line	20	LF	20.00	400.00	13.10	262.00	21.00	420.00
20.	Final Cleanup	28,360	LF	1.00	28,360.00	1.00	28,360.00	1.00	28,360.00
TOTAL BID					\$1,842,130.00		\$1,932,086.00		\$1,954,405.00

TABULATION OF BIDS - CONTINUED
WATER SYSTEM ADDITIONS - PROJECT 17
CEMETERY ROAD TRANSMISSION FACILITIES
 WARREN COUNTY WATER DISTRICT
 JUNE 14, 2005

ITEM NO.	DESCRIPTION	QTY.	UNITS	S & R Excavation Bowling Green, KY		Smith Contractors, Inc. Lawrenceburg, KY		Reynolds, Inc. Orleans, IN	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1.	16" Butterfly Valve	9	EA	\$3,800.00	\$34,200.00	\$3,500.00	\$31,500.00	\$2,200.00	\$19,800.00
2.	8" Side Outlet Blowoff	3	EA	3,300.00	9,900.00	2,800.00	8,400.00	2,600.00	7,800.00
3.	4"x 4" Tap SI & Valve on PVC	1	EA	1,900.00	1,900.00	1,200.00	1,200.00	3,400.00	3,400.00
4.	Ductile Iron Fittings	24,600	LB	4.00	98,400.00	2.50	61,500.00	3.50	86,100.00
5.	Relocate Existing Water Meter With Regulator	7	EA	2,100.00	14,700.00	250.00	1,750.00	300.00	2,100.00
6.	3/4" Service Line	100	LF	6.00	600.00	10.00	1,000.00	7.00	700.00
7.	Auto Air Release Station	7	EA	2,100.00	14,700.00	1,900.00	13,300.00	2,800.00	19,600.00
8.	Manual Air Release Station	12	LF	1,100.00	13,200.00	800.00	9,600.00	2,800.00	33,600.00
9.	Pressure Reducing Station	1	LS	40,000.00	40,000.00	38,000.00	38,000.00	14,000.00	14,000.00
10.	Drakes Creek Pumping Station	1	LS	240,000.00	240,000.00	300,000.00	300,000.00	293,856.00	293,856.00
11.	Crushed Stone	8,100	T	12.00	97,200.00	12.00	97,200.00	20.00	162,000.00
12.	Concrete	50	CY	150.00	7,500.00	120.00	6,000.00	114.00	5,700.00
13.	Asphalt Pavement	90	T	200.00	18,000.00	75.00	6,750.00	170.00	15,300.00
14.	24" Stl. Casing by Bore w/ 16" DIP Res. Jt. Carrier	490	LF	330.00	161,700.00	350.00	171,500.00	215.00	105,350.00
15.	24" Stl. Casing by Open Cut w/ 16" DIP Res. Jt. Carr	100	LF	160.00	16,000.00	160.00	16,000.00	160.00	16,000.00
16.	Drakes Creek Crossing	1	LS	112,000.00	112,000.00	85,000.00	85,000.00	60,000.00	60,000.00
17.	16" DIP Water Line W/ Restrained Joint	2,280	LF	62.50	142,500.00	62.00	141,360.00	64.00	145,920.00
18.	16" DIP Water Line	26,080	LF	49.50	1,290,960.00	53.00	1,382,240.00	54.00	1,408,320.00
19.	4" CL200 PVC Water Line	20	LF	6.00	120.00	25.00	500.00	11.00	220.00
20.	Final Cleanup	28,360	LF	1.00	28,360.00	1.00	28,360.00	1.00	28,360.00
TOTAL BID					\$2,341,940.00		\$2,401,160.00		\$2,428,126.00

I hereby certify that this is a true and accurate tabulation of bids, as received June 14, 2005.


 Jonathan E. Schubarth, P. E.

APPENDIX B
PROPOSAL OF LOW BIDDER

BID

Proposal of Cleary Construction Inc
(hereinafter called "BIDDER"), organized and existing under the
laws of the State of Kentucky doing business
as a Corporation *. To the
Warren County Water District, 523 U.S. Hwy 31-W Bypass, PO Box
10180, Bowling Green, KY 42101-4780 (hereinafter called "OWNER").

In compliance with your Advertisement for Bids, BIDDER hereby
proposes to perform all WORK for the construction of Water System
Additions - Project 17 - Cemetery Road Transmission Facilities in
strict accordance with the CONTRACT DOCUMENTS, within the time set
forth therein, and at the prices stated below.

By submission of this BID, each BIDDER certifies, and in the
case of a joint BID each party thereto certifies as to its own
organization, that this BID has been arrived at independently,
without consultation, communication, or agreement as to any matter
relating to this BID with any other BIDDER or with any competitor.

BIDDER hereby agrees to commence WORK under this contract on
or before a date to be specified in the NOTICE TO PROCEED and to
fully complete the PROJECT within two hundred seventy (270)
consecutive calendar days thereafter. BIDDER further agrees to
pay as liquidated damages, the sum of \$400 for each consecutive
calendar day thereafter as provided in Section 15 of the General
Conditions.

*Insert "a Corporation", "a partnership", or "an individual", as
applicable.

BIDDER acknowledges receipt of the following ADDENDUM:

* Insert "a corporation", "a partnership", or "an individual" as applicable.

BIDDER agrees to perform all the work described in the CONTRACT DOCUMENTS for the following unit prices or lump sum:

BID SCHEDULE

NOTE: BIDS shall include sales tax and all other applicable taxes and fees.

NO.	ITEM	UNIT	UNIT PRICE	AMOUNT	TOTAL PRICE
1.	16" Butterfly Valve	EA	\$ <u>2000.00</u>	9	\$ <u>18,000.00</u>
2.	8" Side Outlet Blowoff	EA	\$ <u>2450.00</u>	3	\$ <u>7,350.00</u>
3.	4"x4" Tapping Sleeve & Valve (on PVC)	EA	\$ <u>1200.00</u>	1	\$ <u>1200.00</u>
4.	Ductile Iron Fittings	LB	\$ <u>2.00</u>	24,600	\$ <u>49,200.00</u>
5.	Relocate Existing Water Meter with Regulator	EA	\$ <u>1000.00</u>	7	\$ <u>7,000.00</u>
6.	¾" Service Line	LF	\$ <u>10.00</u>	100	\$ <u>1,000.00</u>
7.	Auto Air Release Station	EA	\$ <u>1900.00</u>	7	\$ <u>13,300.00</u>
8.	Manual Air Release Station	EA	\$ <u>1600.00</u>	12	\$ <u>19,200.00</u>
9.	Pressure Reducing Station	LS	\$ <u>41,000.00</u>	1	\$ <u>41,000.00</u>
10.	Drakes Creek Pumping Station	LS	\$ <u>225,000.00</u>	1	\$ <u>225,000.00</u>
11.	Crushed Stone	T	\$ <u>12.00</u>	8,100	\$ <u>97,200.00</u>
12.	Concrete	CY	\$ <u>100.00</u>	50	\$ <u>5,000.00</u>
13.	Asphalt Pavement	T	\$ <u>210.00</u>	90	\$ <u>18,900.00</u>
14.	24" Stl. Casing by Bore w/16" DIP Res. Jt. Carrier	LF	\$ <u>230.00</u>	490	\$ <u>112,700.00</u>
15.	24" Stl. Casing by Open Cut w/16" DIP Res. Jt. Carrier	LF	\$ <u>150.00</u>	100	\$ <u>15,000.00</u>

Bid Schedule - Continued

No.	ITEM	UNIT	UNIT PRICE	AMOUNT	TOTAL AMOUNT
16.	Drakes Creek Crossing	LS	\$ <u>75,000.00</u>	1	\$ <u>75,000.00</u>
17.	16" DIP Water Line w/ Restrained Joint	LF	\$ <u>51.00</u>	2,280	\$ <u>116,280.00</u>
18.	16" DIP Water Line	LF	\$ <u>38.00</u>	26,080	\$ <u>991,040.00</u>
19.	4" CL200 PVC Water Line	LF	\$ <u>20.00</u>	20	\$ <u>400.00</u>
20.	Final cleanup Line	LF	\$ <u>1.00</u>	28,360	\$ <u>28,360.00</u>

TOTAL OF BID..... \$ 1,842,130.00

 Dan Cleary
 Signature
 VICE - PRESIDENT
 Title

Respectfull Submitted:
 2006 Edmiston RD, Tompkinsville, KY, 42162
 Address
 6/13/05
 Date

License Number (if applicable)

SEAL - (if BID is by a Corporation)

APPENDIX C
PSC PRIVATE FIRE PROTECTION RATES

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASES NO. 2002-00040, NO. 2002-00041, AND NO. 2002-00042 DATED May 11, 2005.

The following rates are prescribed for the customers in the areas served by Warren County Water District. All other rates not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Private Fire Protection Charge

Service Size

1-inch	\$ 6.78
1.5-inch	10.10
2-inch	12.32
3-inch	28.83
4-inch	63.41
6-inch	112.95
8-inch	186.28
10-inch	299.91
12-inch	451.06

APPENDIX D
DEBT SERVICE SCHEDULE



**RURAL UTILITIES SERVICE
BOND SCHEDULE, 7/14/2003**



Name of Borrower: Warren County Water District			
Amount of Loan	1250000	Annual Interest Rate	0.0425
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	1000	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2004	1	1	53125	53125	0	1250000
2005	1	2	53125	53125	0	1250000
2006	1	3	67125	53125	14000	1236000
2007	1	4	66530	52530	14000	1222000
2008	1	5	66935	51935	15000	1207000
2009	1	6	67298	51298	16000	1191000
2010	1	7	66618	50618	16000	1175000
2011	1	8	66938	49938	17000	1158000
2012	1	9	67215	49215	18000	1140000
2013	1	10	66450	48450	18000	1122000
2014	1	11	66685	47685	19000	1103000
2015	1	12	66878	46878	20000	1083000
2016	1	13	67028	46028	21000	1062000
2017	1	14	67135	45135	22000	1040000
2018	1	15	67200	44200	23000	1017000
2019	1	16	67223	43223	24000	993000
2020	1	17	67203	42203	25000	968000
2021	1	18	67140	41140	26000	942000
2022	1	19	67035	40035	27000	915000
2023	1	20	66888	38888	28000	887000
2024	1	21	66698	37698	29000	858000
2025	1	22	66465	36465	30000	828000
2026	1	23	67190	35190	32000	796000
2027	1	24	66830	33830	33000	763000
2028	1	25	66428	32428	34000	729000
2029	1	26	66983	30983	36000	693000
2030	1	27	66453	29453	37000	656000
2031	1	28	66880	27880	39000	617000
2032	1	29	67223	26223	41000	576000
2033	1	30	66480	24480	42000	534000
2034	1	31	66695	22695	44000	490000
2035	1	32	66825	20825	46000	444000
2036	1	33	66870	18870	48000	396000
2037	1	34	66830	16830	50000	346000
2038	1	35	66705	14705	52000	294000
2039	1	36	66495	12495	54000	240000
2040	1	37	67200	10200	57000	183000
2041	1	38	66778	7778	59000	124000
2042	1	39	67270	5270	62000	62000
2043	1	40	64635	2635	62000	0
TOTALS			2645707	1395707	1250000	

ATTACHMENT NO. 1

ATTACHMENT NO. 1

ANALYSIS OF ACTUAL WATER USAGE AND FORECAST OF INCOME ON EXISTING SYSTEM (INCLUDES RATE INCREASE FOR PROJECT 17)

5/8" METERS:

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>			<u>COMMERCIAL</u>		
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>
0 to 2,000	960	10.52	10.96	38,058	38,679,490	400,370.16
2,001 to 3,000	2,526	12.15	4.81	30,151	76,211,830	366,208.31
3,001 to 5,000	3,984	16.65	4.18	69,942	278,684,150	1,164,626.14
5,001 to 7,000	5,900	22.57	3.83	46,536	274,521,960	1,050,339.32
7,001 to 10,000	8,212	29.71	3.62	28,325	232,521,140	841,641.60
10,001 to 15,000	11,848	39.71	3.35	10,958	129,605,340	435,156.65
15,001 to 20,000	17,082	52.38	3.07	2,660	45,363,790	139,325.70
20,001 to 30,000	23,965	69.04	2.88	1,592	38,075,760	109,905.83
30,001 to 40,000	34,275	93.98	2.74	485	16,599,860	45,582.45
40,001 to 50,000	44,394	118.47	2.67	211	9,393,120	24,997.68
50,001 to 75,000	60,383	157.17	2.60	266	15,901,110	41,806.64
75,001 to 100,000	84,118	214.61	2.55	81	6870060	17,383.11
100,001 to 200,000	136,050	324.06	2.38	67	8979040	21,711.86
200,001 to 500,000	252,829	554.11	2.19	6	1605490	3,324.68
All Other Ranges	945,570	1,918.81	2.03	1	945570	1,918.81
Subtotals				229,339	1,173,957,710	\$4,664,298.94

Subtotals

\$243,982.41

3/4" METERS:

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>			<u>COMMERCIAL</u>		
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>
0 to 2,000	588	13.61	23.15	1	0	13.61
2,001 to 3,000	2,525	13.61	5.39	5	14,160	68.05
3,001 to 5,000	4,084	16.96	4.15	27	112,430	457.91
5,001 to 7,000	5,882	22.52	3.83	23	134,830	517.88
7,001 to 10,000	7,999	29.06	3.63	14	112,130	406.81
10,001 to 15,000	13,088	43.38	3.31	7	89,290	303.68
15,001 to 20,000	17,671	54.47	3.08	3	52,750	163.42
20,001 to 30,000	22,811	66.91	2.93	5	110,520	334.57
30,001 to 40,000	35,165	96.81	2.75	0	0	0.00
40,001 to 50,000	45,540	121.92	2.68	1	45,540	121.92
50,001 to 75,000	69,144	179.04	2.59	5	357,500	895.19
75,001 to 100,000	86,249	220.43	2.56	4	354200	881.73
100,001 to 200,000	109,280	272.44	2.49	1	109280	272.44
200,001 to 500,000	0	0.00	0.00	0	0	0.00
All Other Ranges	0	0.00	0.00	0	0	0.00
Subtotals				96	1,492,630	\$4,437.22

Subtotals

\$4,468.22

1" METERS

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>			<u>COMMERCIAL</u>		
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>
0 to 2,000	489	20.22	41.36	438	305,610	8,856.36
2,001 to 3,000	2,519	20.22	8.03	274	692,160	5,540.28
3,001 to 5,000	4,056	20.22	4.99	620	2,513,160	12,536.40
5,001 to 7,000	5,937	23.11	3.89	572	3,395,690	13,221.22
7,001 to 10,000	8,272	30.33	3.67	473	3,881,560	14,347.03
10,001 to 15,000	12,109	42.19	3.48	305	3,655,340	12,866.90
15,001 to 25,000	19,667	61.07	3.11	168	3,250,880	10,260.33
25,001 to 50,000	35,623	99.69	2.80	117	4,123,810	11,663.43
50,001 to 75,000	31,288	89.20	2.85	52	3,309,050	4,638.24
75,001 to 100,000	86,220	222.13	2.58	27	2,291,800	5,997.55
100,001 to 300,000	148,837	353.04	2.37	48	6,761,680	16,945.90
300,001 to 500,000	405,156	857.99	2.12	11	4,242,840	9,437.86
500,001 to 750,000	505,835	1,056.32	2.09	1	500,140	1,056.32
750,001 to 1,000,000	855,250	1,744.67	2.04	0	0	0.00
All Other Ranges	0	0.00	0.00	0	0	0.00
Subtotals				3,106	38,923,720	\$127,367.82

Subtotals

\$221,513.90

1 1/2" METERS:

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>			<u>COMMERCIAL</u>		
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>
0 to 2,000	236	38.27	162.02	12	10,400	459.24
2,001 to 3,000	2,573	38.27	14.88	3	7,500	114.81
3,001 to 5,000	4,168	38.27	9.18	8	34,200	306.16
5,001 to 7,000	6,169	38.27	6.20	9	54,900	344.43
7,001 to 10,000	8,868	38.27	4.32	5	43,700	191.35
10,001 to 15,000	12,428	45.77	3.68	6	75,200	274.64
15,001 to 25,000	19,770	67.27	3.40	6	127,600	403.63
25,001 to 50,000	32,501	98.08	3.02	8	287,100	784.66
50,001 to 75,000	61,314	167.81	2.74	2	111,100	335.62
75,001 to 100,000	87,760	231.81	2.64	1	95,400	231.81
100,001 to 300,000	172,781	408.41	2.36	0	0	0.00
300,001 to 500,000	378,863	814.39	2.15	0	0	0.00
500,001 to 750,000	0	0.00	0.00	0	0	0.00
750,001 to 1,000,000	0	0.00	0.00	0	0	0.00
All Other Ranges	0	0.00	0.00	0	0	0.00
Subtotals				60	847,100	\$3,446.35

Subtotals

\$73,942.08

2" METERS:

USAGE/MON	RESIDENTIAL			COMMERCIAL		
	AVG. USAGE	AVG. BILL	AVG. RATE	NO. BILLS	USAGE	INCOME
0 to 5,000	1,208	51.01	42.23	25	68,230	1,275.25
5,001 to 10,000	7,730	51.01	6.60	12	92,300	612.12
10,001 to 16,000	12,404	51.01	4.11	4	46,800	204.04
16,001 to 20,000	18,136	60.70	3.35	0	0	0.00
20,001 to 25,000	22,654	74.89	3.31	0	0	0.00
25,001 to 30,000	27,521	86.67	3.15	0	0	0.00
30,001 to 50,000	39,239	115.03	2.93	0	0	0.00
50,001 to 75,000	62,258	170.73	2.74	4	270,800	682.94
75,001 to 100,000	88,371	233.93	2.65	6	524,600	1,403.56
100,001 to 300,000	177,951	421.48	2.37	9	1,533,300	3,793.35
300,001 to 500,000	379,989	819.50	2.16	0	0	0.00
500,001 to 750,000	607,741	1,268.17	2.09	0	0	0.00
750,001 to 1,000,000	0	0.00	0.00	0	0	0.00
All Other Ranges	1,083,767	2,203.07	2.03	0	0	0.00
Subtotals				60	2,536,030	\$7,971.25

111,347,300

1,205

\$281,599.63

3" METERS:

USAGE/MON	RESIDENTIAL			COMMERCIAL		
	AVG. USAGE	AVG. BILL	AVG. RATE	NO. BILLS	USAGE	INCOME
0 to 10,000	0	74.75	34.55	0	23,800	822.25
10,001 to 15,000	0	0.00	0.00	0	0	0.00
15,001 to 20,000	0	0.00	0.00	0	0	0.00
20,001 to 25,000	22,750	83.25	3.66	0	45,500	166.50
25,001 to 30,000	25,550	91.90	3.60	0	51,100	183.80
30,001 to 40,000	36,786	120.73	3.28	0	257,500	845.12
40,001 to 50,000	43,025	135.83	3.16	0	172,100	543.32
50,001 to 75,000	63,871	186.28	2.92	0	1,532,900	4,470.66
75,001 to 100,000	85,350	238.26	2.79	0	2,048,400	5,718.17
100,001 to 300,000	153,826	387.85	2.52	0	6,614,500	16,677.40
300,001 to 500,000	35,500	154.75	4.36	0	71,000	309.49
500,001 to 750,000	649,189	1,363.71	2.10	0	5,842,700	12,273.41
750,001 to 1,000,000	914,244	1,885.87	2.06	0	8,228,200	16,972.84
All Other Ranges	2,912,849	5,208.03	1.79	0	125,252,500	223,945.45
Subtotals				0	150,140,200	\$282,928.40

111,347,300

180

\$282,928.40

4" METERS:

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>				<u>COMMERCIAL</u>			
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>
0 to 10,000	4,113	125.68	30.56	0	378,360	11,562.56		92
10,001 to 15,000	12,055	125.68	10.43	0	289,330	3,016.32		24
15,001 to 20,000	17,545	125.68	7.16	0	193,000	1,382.48		11
20,001 to 25,000	21,170	125.68	5.94	0	127,020	754.08		6
25,001 to 30,000	28,500	125.68	4.41	0	57,000	251.36		2
30,001 to 40,000	34,896	116.09	3.33	0	732,810	2,437.84		21
40,001 to 50,000	45,541	168.65	3.70	0	774,190	2,867.02		17
50,001 to 75,000	63,229	211.45	3.34	0	2,782,090	9,304.02		44
75,001 to 100,000	86,749	268.37	3.09	0	2,342,220	7,246.05		27
100,001 to 300,000	146,801	405.24	2.76	0	9,248,440	25,529.95		63
300,001 to 500,000	363,883	832.89	2.29	0	12,372,020	28,318.24		34
500,001 to 750,000	621,376	1,340.15	2.16	0	23,612,270	50,925.69		38
750,001 to 1,000,000	858,457	1,807.20	2.11	0	6,009,200	12,650.40		7
All Other Ranges	3,454,909	6,142.70	1.78	0	76,008,000	135,139.44		22
Subtotals				0	134,925,950	\$291,385.46		408

6" METERS:

<u>USAGE/MON</u>	<u>RESIDENTIAL</u>				<u>COMMERCIAL</u>			
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>
0 to 20,000	5,011	188.73	7.41	0	285,650	10,757.61		57
20,001 to 30,000	25,472	188.73	5.76	0	458,500	3,397.14		18
30,001 to 40,000	32,740	188.73	0.00	0	163,700	943.65		5
40,001 to 50,000	0	0.00	0.00	0	0	0.00		0
50,001 to 60,000	55,667	207.80	3.73	0	167,000	623.41		3
60,001 to 80,000	70,333	243.30	3.46	0	422,000	1,459.78		6
80,001 to 100,000	89,938	290.74	3.23	0	719,500	2,325.91		8
100,001 to 160,000	129,572	366.65	2.98	0	2,332,300	6,959.79		18
160,001 to 200,000	182,383	498.99	2.74	0	1,094,300	2,993.91		6
200,001 to 350,000	245,957	624.23	2.54	0	3,443,400	8,739.16		14
350,000 to 500,000	433,800	994.28	0.00	0	867,600	1,988.55		2
500,001 to 750,000	0	0.00	0.00	0	0	0.00		0
750,001 to 1,000,000	0	0.00	0.00	0	0	0.00		0
1,000,001 to 1,500,000	0	0.00	0.00	0	0	0.00		0
All Other Ranges	5,569,167	9,651.99	1.73	0	66,830,000	115,823.90		12
Subtotals				0	76,783,950	\$156,012.81		149

8" METERS:

<u>-USAGE/MON</u>	RESIDENTIAL			COMMERCIAL					
	<u>AVG. USAGE</u>	<u>AVG. BILL</u>	<u>AVG. RATE</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>	<u>NO. BILLS</u>	<u>USAGE</u>	<u>INCOME</u>
0 to 20,000	7,600	273.39	0.00	0	0	0	0	273,600	9,842.04
20,001 to 30,000	0	0.00	0.00	0	0	0	0	0	0.00
30,001 to 40,000	37,000	273.39	0.00	0	0	0	1	37,000	273.39
40,001 to 50,000	0	0.00	0.00	0	0	0	0	0	0.00
50,001 to 60,000	57,000	273.39	0.00	0	0	0	1	57,000	273.39
60,001 to 80,000	0	0.00	0.00	0	0	0	0	0	0.00
80,001 to 100,000	0	0.00	0.00	0	0	0	0	0	0.00
100,001 to 160,000	0	0.00	0.00	0	0	0	0	0	0.00
160,001 to 200,000	0	0.00	0.00	0	0	0	0	0	0.00
200,001 to 350,000	313,950	783.73	2.50	0	0	0	2	627,900	1,567.46
350,001 to 500,000	423,050	998.66	2.36	0	0	0	4	1,692,200	3,994.63
500,001 to 750,000	642,838	1,431.64	2.23	0	0	0	8	5,142,700	11,453.12
750,001 to 1,000,000	850,500	1,840.74	2.16	0	0	0	4	3,402,000	7,362.94
1,000,001 to 1,500,000	1,241,000	2,681.74	2.16	0	0	0	5	6,205,000	13,408.70
All Other Ranges	2,322,917	4,445.26	1.91	0	0	0	6	13,937,500	26,671.59
Subtotals				0	0	\$0.00	67	31,374,900	\$74,847.26
TOTALS				232,661	1,217,757,190	\$4,807,522	16,015	672,007,330	\$1,630,680



June 23, 2003

Mr. R. Harvey Johnston, III, Chairman
Warren County Water District
P.O. Box 10180
Bowling Green, Kentucky 42102

Dear Mr. Johnston:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,250,000 and an applicant cash contribution of \$500,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 19,417 existing water users. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Rural Development Manager will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$590.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$70,800. The deposits are to be resumed any time the account falls below the \$70,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.

- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$364,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

16. System Operator:

The Water District is reminded that the system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Water District will be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,456,300
Land and Rights	30,000
Legal and Administrative	13,500
Engineering	138,600
Interest	18,500
Contingencies	<u>93,100</u>
TOTAL	\$ 1,750,000

Financing:

RUS Loan	\$ 1,250,000
Applicant Contribution	<u>500,000</u>
TOTAL	\$ 1,750,000

22. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

23. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS loan funds and refunded to RUS.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

A. General Service Rates:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	10.49 - Minimum Bill.*
Next	8,000	gallons @ \$	2.88 - per 1,000 gallons.
Next	90,000	gallons @ \$	2.35 - per 1,000 gallons.
Next	900,000	gallons @ \$	1.94 - per 1,000 gallons.
All Over	1,000,000	gallons @ \$	1.60 - per 1,000 gallons.

* \$ 10.49 Minimum applicable only to 5/8" x 3/4" meters. The minimums below will apply to all other meter sizes.

3/4"	\$ 13.64	Minimum Bill, includes first	3,000 gallons.
1"	\$ 20.10	Minimum Bill, includes first	5,000 gallons.
1 1/2"	\$ 37.90	Minimum Bill, includes first	10,000 gallons.
2"	\$ 53.99	Minimum Bill, includes first	16,000 gallons.
3"	\$ 125.13	Minimum Bill, includes first	25,000 gallons.
4"	\$ 149.61	Minimum Bill, includes first	30,000 gallons.
6"	\$ 240.06	Minimum Bill, includes first	60,000 gallons.
8"	\$ 307.25	Minimum Bill, includes first	80,000 gallons.
10"	\$ 1,260.49	Minimum Bill, includes first	550,000 gallons.

The rates to be charged for usage over the quantity included in the minimum bill are the same regardless of meter size.

B. Private Fire Service Rates:
(For Connections Used Exclusively for Private Fire Protection Purposes)

5/8" x 3/4" Service:

Minimum	0	gallons @ \$	8.58 - Minimum Bill.*
Next	2,000	gallons @ \$	0.96 - per 1,000 gallons.
Next	8,000	gallons @ \$	2.88 - per 1,000 gallons.
Next	90,000	gallons @ \$	2.35 - per 1,000 gallons.
Next	900,000	gallons @ \$	1.94 - per 1,000 gallons.
Next	1,000,000	gallons @ \$	1.60 - per 1,000 gallons.

* \$ 8.58 Minimum applicable only to 5/8" x 3/4" services. The minimums below will apply to all other service sizes.

3/4"	\$ 10.77	Minimum Bill (0 gals.), first	3,000 gals. at \$0.96 per 1,000 gals.
1"	\$ 15.31	Minimum Bill (0 gals.), first	5,000 gals. at \$0.96 per 1,000 gals.
1 1/2"	\$ 28.32	Minimum Bill (0 gals.), first	10,000 gals. at \$0.96 per 1,000 gals.
2"	\$ 38.67	Minimum Bill (0 gals.), first	16,000 gals. at \$0.96 per 1,000 gals.
3"	\$ 108.13	Minimum Bill (0 gals.), first	30,000 gals. at \$0.96 per 1,000 gals.
4"	\$ 148.64	Minimum Bill (0 gals.), first	50,000 gals. at \$0.96 per 1,000 gals.
6"	\$ 238.12	Minimum Bill (0 gals.), first	100,000 gals. at \$0.96 per 1,000 gals.
8"	\$ 317.15	Minimum Bill (0 gals.), first	160,000 gals. at \$0.96 per 1,000 gals.
10"	\$ 733.79	Minimum Bill (0 gals.), first	550,000 gals. at \$0.96 per 1,000 gals.

The rates charged for usage over the gallons listed above at \$0.96 per 1,000 gallons are the same regardless of service size.

25. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

26. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

27. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated February 10, 2003, from Mr. Ronald A. Cook, Manager.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated May 12, 2003, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

28. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Rural Development Manager - Columbia, Kentucky
Community Development Manager - Bowling Green, Kentucky
Barren River ADD - Bowling Green, Kentucky
David Cole - Bowling Green, Kentucky
Harper, Ferguson & Davis - Louisville, Kentucky
Alan Vilines - Bowling Green, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



**United States Department of Agriculture
Rural Development
Kentucky State Office**

July 8, 2005

Mr. R. Harvey Johnston, III, Chairman
Warren County Water District
P.O. Box 10180
Bowling Green, Kentucky 42102

Re: Letter of Conditions Dated June 23, 2003

Dear Mr. Johnston:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated June 23, 2003. The purpose of this amendment is to revise the cost of the facility, financing, and rates and charges.

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,250,000, and an applicant contribution of \$875,000. ”

Paragraph numbered "21" is revised to read as follows:

“ 21. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,842,130
Land and Rights	12,000
Legal and Administrative	19,000
Engineering	130,000
Interest	19,600
Contingencies	<u>102,270</u>
TOTAL	\$ 2,125,000

Financing:

RUS Loan	\$ 1,250,000
Applicant Contribution	<u>875,000</u>
TOTAL	\$ 2,125,000 ”

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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Paragraph numbered "24" is revised to read as follows:

" 24. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the utility system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

A. General Service Rates:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	10.52. - Minimum Bill.*
Next	8,000	gallons @ \$	3.09 - per 1,000 gallons.
Next	90,000	gallons @ \$	2.42 - per 1,000 gallons.
Next	900,000	gallons @ \$	1.97 - per 1,000 gallons.
All Over	1,000,000	gallons @ \$	1.63 - per 1,000 gallons.

* The \$10.52 Minimum applies to 5/8" x 3/4" meters only. The minimums below apply to all other meter sizes.

3/4"	\$ 13.61	Minimum Bill, includes first	3,000 gallons.
1"	\$ 20.22	Minimum Bill, includes first	5,000 gallons.
1 1/2"	\$ 38.27	Minimum Bill, includes first	10,000 gallons.
2"	\$ 51.01	Minimum Bill, includes first	15,000 gallons.
3"	\$ 74.75	Minimum Bill, includes first	20,000 gallons.
4"	\$ 125.68	Minimum Bill, includes first	30,000 gallons.
6"	\$ 188.73	Minimum Bill, includes first	50,000 gallons.
8"	\$ 273.39	Minimum Bill, includes first	80,000 gallons.
10" & larger	\$ 382.98	Minimum Bill, includes first	120,000 gallons.

The rates to be charged after the minimum rate are the same regardless of meter size.

A. Private Fire Service Rates*:

<u>Meter Size</u> inches	<u>Rate</u> \$/month
1	\$ 6.78
1 1/2	\$ 10.10
2	\$ 12.32
3	\$ 28.83
4	\$ 63.41
6	\$ 112.95
8	\$ 186.28
10	\$ 299.91
12	\$ 451.06

- * These charges shall apply to all connections which provide service only for private fire protection facilities whether supplied through a fully metered service or an unmetered service with a detector check valve and bypass meter.

Customer charges are lump sum charges according to the applicable service size with zero water usage. In case of a fire, charges for water usage shall be in accordance with Warren county Water District Tariff effective 12/16/96, Section III D. Charges for all other water usage shall be in accordance with prevailing Warren County Water District rates for general service. Where a detector check valve with a bypass meter is used, the water usage shall be based on the combined volume of water used through both the detector check valve (estimated) and the bypass meter. ”

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,


KENNETH SLONE
State Director

- cc: Area Director - Columbia, Kentucky
- Rural Development Manager - Bowling Green, Kentucky
- Barren River ADD - Bowling Green, Kentucky
- David Cole - Bowling Green, Kentucky
- Ogden, Newell & Welch - Louisville, Kentucky
- Alan Vilines - Bowling Green, Kentucky
- PSC - ATTN: Bob Amato - Frankfort, Kentucky



**United States Department of Agriculture
Rural Development
Kentucky State Office**

July 8, 2005

SUBJECT: Warren County Water District
Water System Additions - Project 17
Concurrence in Contract Award

TO: Area Director
Columbia, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of the subject contract to the low bidder, Cleary Construction, Inc., in the amount of \$1,842,130.

If you have questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
State Director

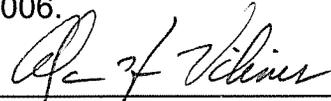
cc: ✓ Alan H. Vilines
Bowling Green, Kentucky

Ogden, Newell & Welch
Louisville, Kentucky

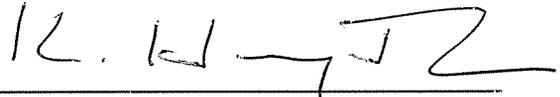
**CERTIFIED STATEMENT
OF
WARREN COUNTY WATER DISTRICT
PROJECT 17**

**CONCERNING PROPOSED RURAL DEVELOPMENT FINANCED
WATER LINE EXTENSION**

We hereby certify that the proposed plans and specifications for the project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3-4), Section 5 (1), Sections 6-7, Section 8 (1-3), Section 9 (1) and Section 10; All the other required state approvals and/or permits have been obtained. The proposed rates shall produce total revenue requirements set out in the Engineering Reports. Notice to the customers has been given in conformance with Section 4. The construction is anticipated to begin on October 1, 2005. The project will take 270 days to complete which will make the completion date June 27, 2006.



Alan H. Vilines, P.E.
Warren County Water District



R. Harvey Johnston, III, Chairman
Warren County Water District

COMMONWEALTH OF KENTUCKY)
COUNTY OF WARREN)

I, Glen Johnson, being first duly sworn according to law, state that I am Secretary of the Board of Commissioners of Warren County Water District, Warren County, Kentucky, that the Board of Commissioners approved the foregoing Statement, and that the statements of fact set forth therein are true and accurate to the best of our knowledge and belief.

Witness my signature this 12 day of July, 2005



Glen Johnson, Secretary

DAILY NEWS

813 College Street • P.O. Box 90012 • Bowling Green, KY 42102-9012



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AFFIDAVIT OF PUBLICATION

Warren County Water
ATTN: Janice Hazel
PO Box 10180
523 U.S. 31W By Pass
Bowling Green, KY 42102-4780

RE: LEGAL AD

To Whom It May Concern:

This is to certify that on Thursday, July 14, 2005, the above Legal Ad NOTICE OF PROPOSED RATE ADJUSTMENT ran in the Daily News, a publication in and for the County of Warren, City of Bowling Green, State of Kentucky.

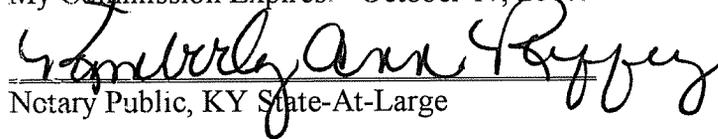
I further certify that all of the foregoing facts are true on such date aforesaid.

Dated this 14th day of July, 2005.



Subscribed and sworn to before me this 14th day of July, 2005.

My Commission Expires: October 17, 2007.



Notary Public, KY State-At-Large

NOTICE OF PROPOSED RATE ADJUSTMENT

Notice is hereby given that Warren County Water District-Water Division, 523 U.S. 31W Bypass, Bowling Green; Kentucky plans to file an application with the Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky pursuant to KRS278.023 for the purpose of changing its water rates as follows:

EXISTING MONTHLY GENERAL SERVICE RATES FOR EXISTING SYSTEM AND USERS

First	2,000 Gallons	\$9.75 Minimum Bill*
Next	8,000 Gallons	2.68 per 1,000 Gallons
Next	90,000 Gallons	2.18 per 1,000 Gallons
Next	900,000 Gallons	1.80 per 1,000 Gallons
Over	1,000,000 Gallons	1.49 per 1,000 Gallons

*\$9.75 Minimum applicable only to 5/8" x 3/4" meters. The following minimums will apply to all other meter sizes

3/4" Meter	First 3,000 Gallons	12.68 Minimum Bill
1" Meter	First 5,000 Gallons	18.68 Minimum Bill
1-1/2" Meter	First 10,000 Gallons	35.22 Minimum Bill
2" Meter	First 16,000 Gallons	50.18 Minimum Bill
3" Meter	First 30,000 Gallons	127.19 Minimum Bill
4" Meter	First 50,000 Gallons	182.64 Minimum Bill
6" Meter	First 100,000 Gallons	310.30 Minimum Bill
8" Meter	First 160,000 Gallons	437.15 Minimum Bill
10" Meter	First 550,000 Gallons	1,171.46 Minimum Bill

The rates to be charged after the minimum rates are the same regardless of meter size. All rates are subject to 10 percent penalty if paid after due date.

PROPOSED MONTHLY GENERAL SERVICE RATES FOR EXISTING SYSTEM AND USERS

5/8x3/4 INCH METER

First 2,000 Gallons	*10.52 Minimum Bill
Next 8,000 Gallons	3.09 per 1,000 Gallons
Next 90,000 Gallons	2.42 per 1,000 Gallons
Next 900,000 Gallons	1.97 per 1,000 Gallons
Over 1,000,000 Gallons	1.63 per 1,000 Gallons

*The \$10.52 Minimum applies to 5/8x3/4 inch meters only. The minimums below apply to all other meter sizes.

3/4"	\$13.61 Minimum Bill, includes first 3,000 Gallons
1"	20.22 Minimum Bill, includes first 5,000 Gallons
1-1/2"	38.27 Minimum Bill, includes first 10,000 Gallons
2"	51.01 Minimum Bill, includes first 15,000 Gallons
3"	74.75 Minimum Bill, includes first 20,000 Gallons
4"	125.68 Minimum Bill, includes first 30,000 Gallons
6"	188.73 Minimum Bill, includes first 50,000 Gallons
8"	273.39 Minimum Bill, includes first 80,000 Gallons
10" & larger	382.98 Minimum Bill, includes first 120,000 Gallons

The rates to be charged after the minimum rate are the same regardless of meter size. All rates are subject to 10 percent penalty if paid after due date.

EXISTING MONTHLY

PROPOSED MONTHLY

PRIVATE FIRE SERVICE RATES

PRIVATE FIRE SERVICE RATES*

Service Size	Rate	Service Size	Rate
Inches	\$/month	inches	\$/month
1	\$6.78	1	\$6.78
1-1/2	10.10	1-1/2	10.10
2	12.32	2	12.32
3	28.83	3	28.83
4	63.41	4	63.41
6	112.95	6	112.95
8	186.28	8	186.28
10	299.91	10	299.91
12	451.06	12	451.06

*These charges shall apply to all connections which provide service only for private fire protection facilities whether supplied through a fully metered service or an unmetered service with a detector check valve and bypass meter.

Customer charges are lump sum charges according to the applicable service size with zero water usage. In case of fire, charges for water usage shall be in accordance with Warren County Water District Tariff effective 12/16/96, Section III D. Charges for all other water usage shall be in accordance with prevailing Warren County Water District rates for general service. Where a detector check valve with bypass meter is used, the water usage shall be based on the combined volume of water used through both the detector check valve (estimated) and the bypass meter.

All rates are subject to 110 percent penalty if paid after due date.

The existing general service rates have not been adjusted since September of 1999. The private fire service rates are the same as previously approved by the Public Service Commission (PSC). The Water District is planning a Water System Improvement Project that include the addition of 5.5 miles of 16 inch water main and water pumping station along Cemetery Road leading to the existing 500,000 gallon tank in the Pleasant Hill area.

The planned construction is necessary to provide the water supply needs of eastern Warren County. Water Revenue Bonds for up to \$1,250,000 dollars are planned to be sold to the United States Department of Agriculture. The proposed rates are necessary to produce sufficient revenue to meet the debt repayment schedule and operating cost. Any person may file a written objection with the Public Service Commission at the above address within (20) days of the notice.



705 Legals

Logan's Roadhouse, Inc., mailing address 3011 Armory Dr., Ste. 300, Nashville, Tn. 37204. Hereby declares intentions to apply for a Restaurant Liquor Drink, Malt Beverage Retail, Limited Sunday Liquor Drink licenses no later than August 1, 2005. The business to be licensed will be located at 2920 Scottsville Rd., Bowling Green, KY. 42103, doing business as Logan's Roadhouse. The President/Director, George T. Vogel of 177 Carron Bridge Way, Franklin, Tn 37067; Vice President /Treasurer/ Director, Amy L. Bertauski of 516 Kilburn Ct., Franklin Tn. 37067; Vice President, Robert R. Effer of 322 Canton Stone Dr., Franklin, Tn. 37067.

Any person, association, corporation, or body politic may protest the granting of the licenses by writing the Department of Alcoholic Beverage control, 1003 Twilight Trail, Frankfort, Ky. 40601-8400, within 30 day of the date of this legal publication.

for processing applications may be found at 12 C.F.R. Part 262.25. To obtain a copy of the Federal Reserve Board's procedures; or if you need more information about how to submit your comments on the notice, contact Glenda Wilson, Community Affairs Officer, at (314)444-8317. The Federal Reserve will consider your comments and any request for a public meeting or formal hearing on the notice if they are received in writing by the Reserve Bank on or before the last day of the comment period.

715 General

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LEGAL NOTICE

Pursuant to the provisions of Kentucky Revised Statute 337.522, I, or my authorized agent, will on July 20, 2005, commencing on or about 1:00 pm (CST), in the Butler County Courthouse, Fiscal Courtroom, located at 110 N. Main St., Morgantown, Kentucky, hold a hearing to consider a revision of the prevailing wage rates for laborers, workmen and mechanics engaged in the construction of public works projects in Locality No. 33 which include the counties of Butler and Warren. Evidence relating to wages paid on building, heavy and highway construction projects will be accepted at this hearing. All evidence shall be submitted on the Employment Standards Form ES-46. Evidence may also be submitted by mail up to 30 days after the hearing and such evidence shall include the required Employment Standards affidavit (ES-4A). Evidence submitted after the hearing shall be mailed to the Division of Employment Standards, Apprenticeship and Training, 1047 U.S. 127 South, Suite 4, Frankfort Kentucky, 40601. All interested persons desiring to present evidence or offer testimony on this date are invited to attend the hearing. Any questions concerning this hearing should be referred to the Division of Employment Standards, Apprenticeship and Training at 502/564-3070.

Philip J. Anderson, Commissioner
Kentucky Department of Labor

Daily News failed to run on requested day of July 7, 2005. Now running ad to correct error.

A RESOLUTION OF THE COMMISSIONERS OF WARREN COUNTY
WATER DISTRICT AUTHORIZING THE USE OF RESERVE FUNDS TO
BE USED TO FUND THE COST OF THE PLANNED WATER SYSTEM
ADDITIONS – PROJECT 17

WHEREAS, the Commissioners of the Warren County Water District (the District) authorize the use of Reserve Funds to be used towards construction of the planned Water System Additions referred to as Project 17, all in accordance with Plans and Specifications prepared by the Engineer, Alan H. Vilines, P.E.; and

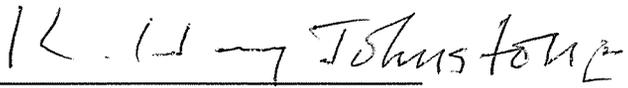
WHEREAS, bids have been received for the project and bids were deemed to be reasonable and it is recommended by the engineer that the bids be accepted; and where it is to the best interest of the customers of the District to proceed with the project in order to assure that an adequate supply of water is available to the customers of the District now and in the future;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF
WARREN COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. Authorize the contribution from the Reserve Funds of the District in the amount of \$875,000 to be used toward the construction of the planned Water System Additions – Project 17 as recommended and set forth in the Final Engineering Report.

Adopted by the Commissioners of the Warren County Water District, Warren County, Kentucky, at a meeting held on June 28, 2005, on the same occasion signed in open session by the Chairman, attested under seal by the Secretary, and declared to be in full force and effect.

(SEAL)


R. Harvey Johnston, III, Chairman

Attested:


Glen Johnson, Secretary

COMMONWEALTH OF KENTUCKY)
COUNTY OF WARREN)

I, Glen Johnson, being first duly sworn according to law, state that I am Secretary of the Board of Commissioners of Warren County Water District, Warren County, Kentucky, that the Board of Commissioners approved the foregoing Statement, and that the statements of fact set forth therein are true and accurate to the best of our knowledge and belief.

Witness my signature this 28 day of June, 2005


Glen Johnson, Secretary